

UIC Administrative Operational Guidelines

Contract-Based (CB) Academic Programs



GUIDELINE TITLE: Contract-Based (CB) Academic Programs

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I. PURPOSE / SCOPE

This guideline describes the process to initiate, obtain approval and the administrative requirements for “**Contract-Based (CB)**” self-supporting instructional programs. These programs are considered to be revenue-generating contracts and must be fully-costed as substantiated by an approved pro-forma that justifies the rate paid by the third party. A contract-based tuition model must demonstrate that sufficient revenues will be generated to offset expenses.

II. OVERVIEW / BACKGROUND/FEATURES OF A CONTRACT-BASED PROGRAM

A. CB programs are created in response to market demand and will generate additional income for UIC.

A CB program model allows academic units the ability to deliver credit courses, certificate and/or degree programs to groups of students not currently served by UIC through a third-party payer: a governmental unit, community organization or private business. In this model, individual students do not pay tuition and fees directly to UIC.

CB programs deliver UIC educational experiences online, as a blended hybrid of online and classroom, or in an on-ground, classroom-based setting. Offered programs may be degree-seeking, non-degree, or certificate - either IBHE approved or “campus” certificates.

B. CB programs operate under specific financial rules:

1. Tuition and fees are deposited in the self-supporting (SS) fund (ledger 2-3).
2. CB programs are not supported by state funds and must generate revenue to cover all associated programmatic costs over the duration of the program.
3. On the ground, on-campus programs are required to charge student fees and assessments if the duration of the program follows a normal academic semester or

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summer session in an amount consistent with traditional students. This determination is made by the Associate Vice Provost, Budget and Program Analysis.

III. UIC Senate, Board of Trustees, and Illinois Board of Higher Education (IBHE) Approval Requirements

CB program contracts generally provide access to existing degree or certificate offerings. Should a governmental unit, community organization or private business request a new program or the conversion of programs into an online format, campus guidelines and timelines for approving new programs must be followed in accordance with the policy and procedures administered by the UIC Office of Programs and Academic Assessment¹:
<http://ossssq11.admin.uillinois.edu/oaa/default.asp>

IV. Program Definition

If the college is not working through the School of Continuing Studies (SCS), then the below steps must be coordinated with Budget and Program Analysis. This would also apply to US Asia Executive and other international student programs.

Appendix A: *Questionnaire to Establish a Contract Based Program* must be completed and submitted to the Associate Vice Provost, Budget and Program Analysis. This information will assist in pro-forma development. The following items are covered in this document:

- Specify college, department and program to be offered and mode of delivery: online, blended or face-to-face. CB program contracts generally provide access to existing degree or certificate offerings.
- Name of governmental unit, community organization or private business that the program will be offered to.
- Minimum and maximum student cohort size.
- Location: UIC campus or at an off-site location²
- Academic structure: Proposed session lengths, number of sessions, number of admission cycles per year.
- Program Administration: the college/unit must demonstrate the ability to support the development, instruction and administration of the program in addition to providing a completed financial pro-forma unique to each contract program offering.
 - Admissions process and student support.
 - Course design and development.
- Instruction: who will instruct the program?

¹ The UIC Senate has the legislative responsibility for the educational policy of the Chicago campus and, through its Senate Committee on Educational Policy (SCEP), contributes to the development and maintenance of educational programs of the highest quality that conform to the stated mission of the campus and the University. Specifically, the Senate and SCEP have jurisdiction for the establishment or elimination of, or changes in, educational programs and curricula; course offerings; requirements for degrees, certificates, and honors; experimental educational programs; continuing education; periodic evaluation of academic programs; and other matters of educational policy. New degrees and certificates must be approved by the Board of Trustees. Further, the Illinois Board of Higher Education has established a set of standards for undergraduate and graduate certificates that can be used as a starting point to develop campus standards for both IBHE-approved certificate programs and "campus certificates." More information is found at:
<http://ossssq11.admin.uillinois.edu/oaa/CertificatePrograms.asp>.

² In some circumstances, if UIC programs are being offered at off-site locations, the Office of Programs and Academic Assessment must be made aware so they can notify the Higher Learning Commission (our institutional accreditor) and proceed in obtaining any necessary approvals.

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V. Establishing a Tuition Rate, Completing a Financial Pro-forma

To be considered as a CB program, a multi-year financial pro-forma must be completed and approved by the Associate Vice Provost, Budget and Program Analysis before offering a contract program. Templates are provided for this purpose and found in **Appendix B**.

If the academic program is already approved by the Senate, Trustees and IBHE, the critical path to establishing a contract based program is the financial pro-forma development. If the college/department is working with SCS, the steps outlined in this section will be coordinated directly through them. Once the program is envisioned and the course requirements are established, the costs to deliver the program are projected.

- A. Direct Costs: include both *fixed* and *variable* costs in two broad categories: Personnel Services and Supplies and Services. Each of the following should be costed:
1. Instructional program costs;
 2. Program development (*these costs can be amortized over the life of the program and this should be appropriately noted in the pro-forma*);
 3. Marketing/Recruitment/Admissions
 4. Space (*if rented specifically for the program*); and
 5. Equipment, Supplies and Services related to delivering the program.
- B. Marginal Costs: for programs that are offered on a space available basis, the marginal cost of adding the contract students to the classroom must be considered.
- C. Departmental and Campus Administrative Overhead: no state funding including regular student tuition revenue should be used to subsidize these activities. Departmental administrative support to contract programs should be recovered by using one of the following methods:
1. Directly charge the overhead costs to their self-supporting funds;
 2. Reallocate administrative overhead costs to their self-supporting funds by transferring costs; or
 3. Charge an administrative allowance assessment to their self-supporting funds. An administrative allowance assessment is an efficient mechanism to use when multiple self-supporting funds are charged, or many types of costs are recovered for the departmental administrative support. The departmental overhead rate must be disclosed in the pro-forma and may not exceed 16% of gross revenues. A justification for the percentage rate should be included and will be assessed when the pro-forma is reviewed by BPA.
 4. The campus will also assess an overhead charge in an amount not to exceed 13% of gross revenues. The actual percentage or amount of this assessment is coordinated with the Associate Vice Provost, Budget and Program Analysis at the time of pro-forma evaluation.
- D. Fee Assessment: For face-to-face programs offered at UIC on-campus facilities over the duration of a semester (or summer session), students must be assessed all relevant campus fees and assessments. Non-credit CB programs of short duration (e.g., a two week non-credit seminar or continuing education program) are exempt from most if not all student fees and assessments. Online students will be charged the Library/IT assessment but are exempt from

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paying other student fees. The final determination of the applicability of fees to a program is made by the Associate Vice Provost, Budget and Program Analysis. See the current Tuition and Fee Schedule at:

Undergraduate - https://admissions.uic.edu/undergrad/tuition_undergrad.html

Graduate - https://admissions.uic.edu/grad/tuition_grad.html

Professional - https://admissions.uic.edu/professional/tuition_prof.html

E. *Tuition rates*: must be set to cover projected expenses including overheads.

VI. Standard Revenue Generating Agreement Templates

Standardized contract templates have been developed by the Office of Business Development Services (OBDS) for these programs that have been reviewed by the university legal counsel. A contract can be created for a single cohort of students between a single College and an external entity. The use of the standardized contract templates will expedite approval and assure compliance with university policies. These templates can be found on the BDS website at: <https://www.obfs.uillinois.edu/business-development-services/>

VII. Accounting Requirements & Process

A. Revenue for CB programs offered to a governmental unit, community organization or private business shall be deposited into self-supporting funds³ in accordance with the Legislative Audit Guidelines as applicable to universities in Illinois. Coordination for establishing the budget and protocols for subsequent distribution of program revenues must be approved by Budget and Program Analysis (BPA). All direct costs must be incurred in the self-supporting fund established for each program. Financial activity for individual programs, cohorts or contracts must be accounted for in a manner that permits reporting and review of that discrete level of activity within the program fund. This may be accomplished using Banner program/Activity codes.

B. *Payments by third parties*: *peerTransfer*⁴ <https://www.peertransfer.com/school/uillinois> is recommended to be used for payments from third-parties. The use of *peerTransfer (PT)* is acceptable for domestic (U.S. based) companies/entities, but has the additional advantage of facilitating international funds transfers (in U.S. dollars) while observing international banking and tax laws. This eliminates hidden bank fees and saves on exchange rates, if

³Excerpt from [University of Illinois Fund Type Descriptions document](#):

3Q	Departmental Activities	Funds used to account for self-supporting activities where goods or services are provided primarily to external customers. Revenues are generated from the following general categories of activities (called entities) - 1) Instructional Courses, 2) Professional Development Activities, 3) Unique Instructional Programs, 4) Agricultural Operations, 5) Commercial Operations not under indenture, 6) Public Service, Economic Development and Academic Support Activities, 7) Intercollegiate Athletics, 8) Hospital and Clinics, and 9) Commercial Operations. Expenses charged to these funds must be related to the cost of providing the goods or services.
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⁴ *peerTransfer* is a third party/contractor with the University of Illinois to facilitate online payment from students; this method is also being used for contract programs such as US Asia.

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applicable, as *peerTransfer* allows payment in the home currency of payer. Set up must be coordinated with BPA to assure revenue is correctly accounted for. The payment is routed through the University Student Financial Services & Cashier Operations (USFSCO) function to a clearing fund in Budget and Program Analysis (BPA). Recommended payment terms are net-30 days from the start of the academic program/cycle although shorter-term sessions (e.g. two weeks) may require pre-payment.

Alternatively checks may be deposited to a CFOP provided by BPA, following cash handling requirements for timely deposit.

- C. Establishment of a budget for each contract program, allocation of revenues and administrative allowance set-up is coordinated by BPA. Tuition and fee handling and accounts receivable processing should be finalized by the college/unit in conjunction with BPA and USFSCO. A reconciliation report will be provided as revenues are transferred.
- D. Tracking enrollment and payments across multiple UIC programs and partners is complex and therefore the following chart of account fields and AR codes must be used to assure proper allocation of revenue:
 1. **Activity Code** – to represent each unique contract or cohort. This code can be used to track revenue across 3 digit department codes and will allow for the reporting of revenues by contract / cohort. Different sets of activity codes may also be used to track administrative allowances or expenses.
 2. **Identifier Code** - a common identifier code is assigned to each college program. This allows for easy identification and data retrieval to report on all activity within a program. This code uses the “grant” chartfield.
 3. **AR Detail Codes** - can be identified by a common "category code" specific to each program. The AR customer is the contract organization and allows easy identification of which contracts are currently unpaid.

VIII. Academic Program Code Set-up

Academic program codes link a program to the tuition and fees that must be paid. Admissions and the Registrar use Academic program codes to set up web-based admission applications and to attach tuition and fee information for student billing purposes. (Academic Program codes are completely different from program codes used in a CFOAP.) A new Academic Program code must be created for each CB program so that cohorts of students can be uniquely identified and tracked. New program codes should be obtained from the Office of Academic Program Development simultaneous with pro-forma development.

Academic program codes consist of 12 characters: (Contract Program example) 2-1-FX-####-DEGR

- 2 – Chicago campus
- 1 – Indicates a CB program regardless of type of delivery
- FX – The two-character code designates the admitting college, in this case Pharmacy
- #### - four digit major or major dependent concentration code.
- DEGR – degree abbreviation (e.g., MS = Master of Science); may be followed by “U” to designate that a program is offered online or a number to designate the program is offered at a regional UIC campus (e.g., 5 = Peoria)

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Many certificates and most masters and doctoral programs (excluding professional certificates and programs) are coded to FS (Graduate College), but the UI Codebook reflects each program's home academic college.

Currently, the program code does not/cannot indicate with whom a contract has been entered into, and multiple contracts could use the same program code. Within the UIC Banner Student system - contract academic program codes designate the student as having a third-party payer.

IX. Admissions and Registration Requirements

All of the requirements of this section are handled by the School of Continuing Studies (SCS) for programs run through that unit. For those colleges not working with SCS, the following must be handled in advance of starting the program:

- A. Request academic program codes through the Budget and Program Analysis (BPA) who will coordinate with OPAA. BPA/OPAA will notify appropriate offices (Admissions, Registrar, etc.) when the program code is active in Banner.
- B. If new or revised courses are added as a result of this contract program, UIC's Course Request System must be updated. The Office of Programs and Academic Assessment (OPAA) will add/update course information in Banner.
- C. Coordination of application processing with the Office of Admissions; how applications will be processed and whether an online application will be used. The term of admission needs to be articulated along with the academic program code.
- D. The Office of the Registrar requires notice whether students will be registered in the Banner Student Information System by the unit, or whether students will utilize Banner Student Self Service tools.

X. Compliance with regulations on the delivery of online programs to out-of-state students

The School of Continuing Studies (SCS) works with representatives from University Administration, UIS and UIUC to comply with Federal and State regulations concerning the delivery of online courses and programs to out-of-state students. In this capacity, the SCS monitors Federal and State regulations and communicates the potential impact of these regulations to the UIC colleges and departments delivering online programs. The SCS also responds to requests for data regarding online programs to meet Federal and State regulations. Consequently, the SCS may reach out to UIC colleges and departments offering online programs for information required to comply with requirements.

XI. Approval and Work-Flow Process

The approval and work-flow process for a new CB program is shown as Appendix C. Detailed descriptions of the process and offices involved in the creation of a CB program are outlined.

XII. Templates & Forms

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Appendix A: *Contract Academic Program Questionnaire*

Appendix B: *Financial Pro-Forma Template*

Appendix C: *Work Flow for CB Programs*

XIII. Definitions

Certificate programs: Certificate programs are defined as independent (stand-alone), self-contained, structured and systematic groups of courses that focus upon a specific area of knowledge and are generally fewer credit hours than and shorter in duration than degree programs. Certificate programs meet the need for higher education to provide flexible, efficient methods of meeting the needs of individuals for career advancement, career change, continuing education requirements, or personal educational enhancement, as well as to respond to requests from external constituencies to offer certificate programs for their employees. They are typically based in a previously approved degree program (i.e., a post-baccalaureate certificate from a previously approved master's program; a post-master's certificate from a previously approved doctoral program).

Degree programs: UIC awards baccalaureate, master's and doctoral degrees. Bachelor's degrees require a minimum of 120 credit hours; master's degrees require a minimum of 32 hours; and PhD programs require 96 hours beyond the baccalaureate. Professional master's and doctoral degrees may have different credit hour requirements.

Direct costs: are costs that can be specifically assigned or associated with the program.

Financial Pro-forma: a financial statement prepared on the basis of some assumed events and transactions that have not yet occurred. Pro-forma financial statements include projections of revenue and expenses to demonstrate full cost recovery. A pro-forma is similar to a historical financial statement except focused on the future and based upon documented assumptions.

Fixed costs: are unavoidable expenses that must be met regardless of the revenue generated or service provided. Fixed costs are not permanently fixed; they will change over time, but are fixed in relation to the quantity of production for the relevant period.

Fully-costed: all costs associated with the program are recovered from the tuition revenue charged and identified in the pro-forma prepared for approval of the program.

Indirect costs: are costs that are shared amongst a number of programs and activities. These also include costs that are incurred on behalf of the program and expensed in other departments such as HR, Payroll, Purchasing, Facilities, etc. Indirect costs incurred by a department may vary as programs grow.

Noncredit: Noncredit educational courses or programs are those experiences where individuals enroll for personal enrichment purposes. No academic credit is given in return for the tuition paid.

Variable costs: costs that are volume-related and change in proportion to the service delivery or output. For example, instructional costs are variable (and direct.) Not all variable costs are direct costs.