

Educational Service Contract Policy

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Associated Procedures: [Procedures for Direct Costs and Overhead Charges](#)

Purpose

- 1.00 The purpose of this policy is to outline the process by which the University of Victoria may provide educational services to organizations other than the University Community.

Definitions

- 2.00 For the purposes of this policy, the following definitions apply:

University Community means: (a) Students and continuing studies students; (b) faculty, librarians, and staff members; (c) anyone holding a University appointment; (d) post-doctoral fellows; (e) all individuals employed under contracts with University faculty members as the employer and who provide research or administrative services directly supporting faculty members' research activities (including grant-funded employees); (f) anyone volunteering with a University program or activity; or (g) members of the Board of Governors and Senate.

Educational Service Contract means a contract (or grant) under which the University (including organizational units within the university such as faculties and UVic entities reporting through the Vice-President Academic and Provost) agrees to provide an Educational Service to a third-party organization (including Indigenous Nations, agencies, communities and branches of government) or persons who are not its registered students at the time the service is provided.

Educational Service

means the development or delivery of an educational program, materials, or related services, whether offered on or off-campus and through in-person, virtual or hybrid modalities, and includes:

- Development and delivery of workshops;
- Development of educational materials in any form, including digital;
- Management and administration services for educational programs or courses;
- Dissemination of information through any format including publication of materials, development of web sites or maintenance or development of data-bases;
- Development or offering of programs initiated by third parties whether or not they are also offered to students enrolled at the University if the program is for a limited term;

but does not include:

- Contracts for services through the Division of Continuing Studies and the Gustavson School of Business Executive Education;
- Gifts or sponsorships to be used to assist in developing new or current University courses or programs;
- Contracts for the development, delivery or revision of academic courses or materials primarily for the benefit of enrolled students;
- Contracts or grants through the Office of Vice-President Research and Innovation
- Contracts to organize scholarly conferences, meetings or seminars on a not-for-profit basis primarily for the benefit of University faculty, staff or students;
- Contracts or categories of contracts excluded by the Vice-President Academic and Provost.

Policy

3.00 The University's primary mission under the *University Act* is to provide instruction in all branches of knowledge, both in credit and non-credit programs, conduct research and maintain the facilities necessary to carry out those activities. Under this Policy, the University may provide Educational Services under a contract to external organizations or to persons who are not its enrolled students at the time the service is provided. The University recognizes the importance of providing these services as part of the dissemination of knowledge and as a valuable contribution to the community. However, it must do so in a way that does not detract from the operations of the University as required by the Act, and after careful consideration of the benefits and risks to the University

3.01 Any programming offered under this policy is done so in accordance with and subject to the normal governance approval processes for such programming.

Approval

- 4.00 All Education Service Contracts must be approved by the Dean of the Faculty and, if the value of the contract exceeds \$250,000 (or the limit set in the Signing Authority Policy ([FM5400](#)), whichever is higher), by the Vice-President Academic and Provost or designate.
- 5.00 Once approval has been obtained, the Contract must be signed in accordance with [Policy FM5400: Signing Authority Policy](#)
- 6.00 An Educational Service Contract requires approval of the Dean, and if required based on limits set out in the Signing Authority Policy, the Vice-President Academic and Provost
- 7.00 The Dean may reduce the overhead amount from the amount established by the Schedule, by reducing or eliminating the faculty's portion of overhead that would otherwise be returned under section 10.00.
- 8.00 Any requests to reduce the amount of the direct costs or overhead charges below the amounts fixed by the Schedule, other than as set out in section 7.00, must be approved by the Vice-President Academic and Provost.

Payment for Educational Services

- 9.00 All fees for Educational Services will be payable to the University.
- 10.00 Subject to section 7.00, overhead charges will be divided in accordance with the Schedule as established by the Vice-President Academic from time to time. A proportion of the charge will normally be given to the Faculty providing the service, the office of the Vice-President Academic and Provost, and the central administration.
- 11.00 Any alteration of the normal distribution of the overhead charge, other than alteration by a Dean in accordance with section 7.00, must be agreed to by the Vice-President Academic in advance of signing the Contract.

Authorities and Officers

- 12.00 The authorities and officers for this policy are:
- (i) Approving Authority: Board of Governors
 - (ii) Designated Executive Officer: Vice-President Academic and Provost
 - (iii) Procedural Authority: Vice-President Academic and Provost
 - (iv) Procedural Officer: Vice-President Academic and Provost

Relevant Legislation

[University Act](#)

Procedures for Direct Costs and Overhead Charges

Procedural Authority: Vice-President
Academic and Provost

Procedural Officer: Vice-President Academic
and Provost

Effective Date: November 2024

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Last Editorial Change: n/a

Parent Policy: [Education Service Contract Policy](#)

1.00 Approval

- 1.01 An Educational Service Contract and all supporting materials must be received in the Office of the Dean or, if required, the Office of the Vice-President Academic and Provost, with sufficient time prior to signing to allow a thorough review of the Contract, including legal review where necessary.
- 1.02 In submitting a request for approval of an Educational Service Contract, the Party initiating the request must submit a memorandum signed by them and the Chair/Director of the unit (if the Faculty has departments/schools) to the Dean, stating that the resources are available to carry out the contract, outlining the expected benefit to the University or the community and any potential risks, and setting out any impact the contract will have upon the mandate of the unit which will have the responsibility for the contract.
- 1.03 Where the Educational Service Contract must be approved by the Vice-President Academic and Provost, the Dean must sign a memorandum transmitting the Educational Service Contract to the Vice-President Academic and Provost and certifying that the Dean has reviewed the contract and the memorandum described in section 10.00 of the Policy and that they are satisfied that the contract can be carried out as promised and will not adversely impact the unit's ability to carry out its mandate.
- 1.04 Relevant factors to be considered for approving Educational Service Contract include but are not limited to:
- a) Alignment with institutional goals and priorities;
 - b) Compliance with relevant laws and regulations and University policies and procedures;
 - c) The price paid to the University includes all direct costs to the University and an appropriate overhead amount to reflect indirect costs to the University as set out in the Schedule;
 - d) The provision of the Educational Service will not, in the opinion of the person approving, adversely affect the ability of the University to use its personnel and resources in the carrying out of its primary mandate;
 - e) The provision of the Educational Service will benefit the University or the community.
 - f) There is no reasonable likelihood of reputational harm, financial, legal or other risks to the University; and

- g) Any other factor that the Dean or Vice-President Academic and Provost considers appropriate in the circumstances.

2.00 Overhead charge to be Included in Contract Price

2.01 When an Overhead Charge is to be Included

An overhead charge shall be included in the price that is payable to the University by an external contractor under an Educational Service Contract.

2.02 Costs Included in the Calculation of Overhead Charges

The overhead charge is calculated on the total of all direct costs of providing the service under the Educational Service Contract less the excluded costs referred to in Paragraph 2.3.

2.03 Excluded Costs that are Not Included in the Calculation of Overhead Charges

The following costs are excluded from the calculation of an overhead charge:

- a) Direct costs that are not charged to any UVic account; and
- b) Cost of property or equipment that will not be legally or beneficially owned by UVic.

3.00 Overhead Charge Percentage

Unless the Vice-President Academic and Provost approves a different percentage or method of calculating an overhead charge with regard to a particular contract or class of contracts or the Dean alters the overhead in accordance with Section 7.00 of the Policy, the following percentage shall be included in the contract price of an Educational Services Contract with an external contractor:

Government of British Columbia	30% (minimum)
Governments of other Canadian provinces and territories	30% (minimum)
Government of Canada	30% (minimum)
Educational institutions (Canadian and non-Canadian)	30% (minimum)
Foreign governments	30% (minimum)
Non-profit organizations and societies	15% (minimum)
Corporations and private individuals	30% (minimum)
Indigenous Nations and communities	15% (minimum)

Note: All overhead charges in this schedule are minimum charges. The Dean or Vice-President Academic and Provost may adjust the overhead rate based on the client profile and their circumstances. It may be appropriate, in some cases, to charge a higher overhead. The minimum is a suitable rate when the educational services contract provides a benefit to the University, or is in the nature of public service, or is provided to a charitable or public service organization, or Indigenous Nations or communities where these entities are the sole contracting parties and have limited funds. A higher rate should be charged if none of these factors is present. The actual cost to the University of administering many educational services contracts (including accounting, oversight, and loss of available personnel and space for other uses more directly mandated for the university) is estimated as closer to 50%. This should be kept in mind in selecting the overhead rate.

4.00 Direct Costs that should be Included in Educational Service Contracts

The following costs should be included in Educational Service Contracts:

- a) The cost (salary and benefits in accordance with prevailing policies) of providing release time for faculty and staff who will be involved in providing services under the Educational Service Contract;
- b) The purchase or rental cost of any equipment that must be acquired to provide the services required under the Educational Service Contract. Where an equipment will not be fully depreciated over the period of the contract and the equipment will be used by the University for other purposes, a proportionate share of the cost must be attributed to the Educational Service Contract;
- c) The cost of materials that the University will be required to supply under the Educational Service Contract;
- d) The costs of travel and accommodation that will be incurred by the University in providing the services under the Educational Service Contract;
- e) The costs of computing, license fees for special software required for the contract, photocopying, long distance telephone, fax and courier charges that will likely be incurred in providing the services under the Educational Service Contract;
- f) Where University floor space will be dedicated to the fulfilment of the University's obligations under an Educational Service Contract, the fair market rental value of the floor space should be treated as a direct cost;
- g) Where major items of University equipment will be dedicated to the fulfilment of the University's obligations under an Educational Service Contract, the fair market rental of the equipment should be treated as a direct cost.

5.00 Internal Allocation of Overhead Charge Recoveries

Overhead charge recoveries will be internally reallocated on the following basis unless the Vice-President Academic and Provost approves a different allocation for a particular contract.

Faculties: Where the services under an Educational Service Contract are provided by a Faculty, the internal Allocation of overhead charge recoveries will be:

Dean of Faculty	50%
Vice-President Academic and Provost	15%
University's central administration	35%

(to defray the cost of the University's operating expenses including use of facilities, e.g. classroom, office, meeting rooms, general IT services and supports including educational technologies, the Library, administrative service departments such as payroll and registration, and the costs of utilities)

Note that the amount received by the Faculty may be affected by Section 7.00 of the Policy.