

EDUCATIONAL SERVICE CONTRACT POLICY

University Policy No.: AC1110
Classification: Academic and Students
Approving Authority: Board of Governors
Effective Date: March/08
Supersedes: May/2000
Last Editorial Change:
Mandated Review: March/15

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 **EDUCATIONAL SERVICE CONTRACT** means a contract (or grant) under which the University agrees to provide an Educational Service to a third party organization (including branches of government) or persons who are not its registered students.
- 3.00 **EDUCATIONAL SERVICE** means the development or delivery of an educational program, materials, or related services and includes:
- 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;
 - Provision of off-campus programs to persons not registered students;
 - Development or offering of programs initiated by third parties whether or not they are offered to students registered at the University if the program is for a limited term;
- but does not include:
- 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;
 - Research contracts or grants;
 - 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.

- 4.00 **SCHEDULE** means the *Schedule of Direct Costs and Overhead Charges* as fixed by the Vice-President Academic and Provost from time to time.

POLICY

- 5.00 The University's primary mission under the *University Act* is to provide instruction in all branches of knowledge, both in degree and continuing education 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 registered students. 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 financially from the operations of the University as required by the Act.

Approval

- 6.00 All Educational Service Contracts must be approved by the Dean of the Faculty or Head of the Division and, if the value of the contract exceeds \$75,000, by the Vice-President Academic or designate.
- 7.00 Once approval has been obtained, the Contract must be signed in accordance with Policy 1002: *Signing Authority Policy*:
(http://web.uvic.ca/univsec/pol_pro/pol-1000/1002SA.html)
- 8.00 Approval of an Educational Service Contract will be granted by the Dean and, if required, by the Vice-President Academic when:
- a. 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;
 - b. 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; and
 - c. The provision of the Educational Service will benefit the University or the community.
- 9.00 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 15.00.
- 10.00 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 9.00, must be approved by the Vice-President Academic and Provost.
- 11.00 An Educational Service Contract and the material set out in section 4 must be received in the Office of the Dean or, if required, the Office of the Vice-President Academic, with sufficient time prior to signing to allow a thorough review of the Contract, including legal review where necessary.

Certification

- 12.00 In submitting a request for approval of an Educational Service Contract, the party initiating the request must submit a memorandum signed by him or her and the Chair of the unit (if the Faculty has departments) 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 setting out any impact the contract will have upon the mandate of the unit which will have the responsibility for the contract.
- 13.00 Where the Educational Service Contract must be approved by the Vice-President Academic, the Dean must sign a memorandum transmitting the Educational Service contract to the Vice-President Academic and certifying that he or she has reviewed the contract and the memorandum described in section 12.00 and that he or she is satisfied that the contract can be carried out as promised and will not adversely impact the mandate of the unit.

Payment for Educational Services

- 14.00 All fees for Educational Services will be payable to the University.
- 15.00 The Vice-President Academic has the authority to amend the Schedule of Direct Costs and Overhead Charges when required.
- 16.00 Subject to section 9.00, 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.
- 17.00 Any alteration of the normal distribution of the overhead charge, other than alteration by a Dean in accordance with section 9.00, must be agreed to by the Vice-President Academic in advance of signing the Contract.

AUTHORITIES AND OFFICERS

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

RELEVANT LEGISLATION

University Act

RELATED POLICIES AND DOCUMENTS

Schedule of Direct Costs and Overhead Charges (attached)

Schedule of Direct Costs and Overhead Charges

For Policy AC1110: Educational Service Contract Policy

1.0 Overhead charge to be Included in Contract Price

1.1 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.

1.2 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 1.3.

1.3 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.

2.0 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, 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)
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)

Note: All overhead charges in this schedule are minimum charges. 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 with 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.

3.0 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) 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 the 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, 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.

4.0 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	45%
Vice-President Academic and Provost	10%
University's central administration	45%

(to defray the cost of the University's operating expenses including the Library, administrative service departments and the costs of utilities)

Note that the amount received by the Faculty may be affected by Section 9.00 of the Policy.

Division of Continuing Studies:

Where services are provided to an external contractor by the Division of Continuing Studies under an Educational Service Contract, overhead charge recoveries will be shared between the University's central administration and the Division of Continuing Studies in the same proportions (calculated on the financial information of preceding fiscal year) as the University's contribution of operating funds to the Division of Continuing Studies' budget is relative to the total revenue of the Division of Continuing Studies.