

OLDS COLLEGE POLICIES AND PROCEDURES MANUAL

CATEGORY: B: Financial and Administrative

SUBJECT: Continuing Education Net Revenue Account

POLICY NUMBER: B18

CROSS REFERENCE:

APPROVALS

New/Revision

Board of Governors	Academic Council	Administrative Services Committee	Common Issues
Date: October 25, 2012	Date:	Date: October 15, 2012	Date:

POLICY STATEMENT

In order to ensure the stable year-to-year operations of the College’s educational activities that are not funded by the College’s Campus Alberta annual grant, it is necessary to create a restricted net asset fund. These funds will be maintained on a department basis to hold a portion of any excess net revenues beyond the amount budgeted in the annual Board approved budget. The purpose of the fund is to:

1. allow Continuing Education to accumulate funds to be used for such items as program development, market research, capital acquisitions and marketing (this is not an exhaustive list).
2. contribute to the College’s financial sustainability.

SPECIFIC GUIDELINES

For the purpose of this policy, direct costs include:

- all incremental costs associated with Continuing Education course or program delivery
- Continuing Education direct administrative and management costs, and
- Prorated salaries of based funded positions that teach or support Continuing Education courses without a separate contract. E.g. Using a fulltime instructor to teach a C.E. course and then C.E. paying for the replacement of that member’s workload.

Direct costs do not include:

- facility costs except when material incremental costs are incurred or if additional facilities are leased for Continuing Education course delivery
- College leadership costs except the Director, Continuing Education, and
- Regular administrative costs provided by College support departments

For the purposes of this policy, Continuing Education activity includes all Continuing Education programming and courses that report to the Director, Continuing Education.

1. A restricted net asset account shall be established by the CFO and Director of Sustainability for the Director of Continuing Education.
2. As part of the budget process in each fiscal year, the Director, Continuing Education will assume responsibility for a net revenue target to be earned through revenue-based activity.
3. If, at the end of a fiscal year, the minimum net revenue target for Continuing Education is exceeded:
 - a. One-quarter (1/4) of the excess revenue will be retained by the College to contribute to the College’s financial sustainability.
 - b. Three-quarters (3/4) of the excess net revenue, if any, will be placed in the restricted net asset account.
4. In the event of a shortfall, the shortfall will be applied as follows:

Up to 75% of the remaining shortfall may be applied to reduce the restricted net asset account for Continuing Education.

5. Contributions to this net revenue account may be suspended if they would result in the overall value of unrestricted net assets falling below the minimum amount stipulated in the Executive Limitations set by the Board of Governors. Contributions suspended in the manner will be repaid in subsequent years, as funds become available.

PROCEDURES

1. Net revenue targets will be approved for Continuing Education as part of the annual budget process.
2. At the end of each fiscal year, the CFO and Director of Sustainability will determine the net revenue to be attributed to Continuing Education. If the amount exceeds the approved target, the excess revenue will be allocated as determined above.
3. The Director, Continuing Education will receive a report outlining how the net revenue attributed to Continuing Education was determined.
4. As part of the annual budget process, the Director, Continuing Education may request funds from the restricted accounts for any approved College for any approved Continuing Education purpose providing that a reasonable balance is maintained against the possibility of a net revenue shortfall.

IMPLEMENTATION AND ADMINISTRATIVE RESPONSIBILITY

Vice President, Academic and Research and CFO and Director of Sustainability.

This policy will be reviewed at least every five years.