

SAS Net Revenue Sharing Policy

Policy and Procedures for:

School of Arts and Sciences (SAS) Net Revenue Sharing

Policy Issue Date:

January 8, 2014

Revisions:

April 10, 2014

Policy Statement:

The policy outlines the SAS-specific procedure for sharing net revenue generated by revenue-generating courses and programs that originate from SAS departments and units.

Responsible Personnel:

SAS Executive Dean's Office

Policy:

I. Eligibility

The following types of programs are eligible for net revenue sharing:

- Online courses (three or fewer face-to-face meetings per semester)
- Online degree and certificate programs (consisting of courses with three or fewer face-to-face meetings per semester)
- Off-campus courses and programs (e.g., offerings at the Rutgers Higher Education Centers)
- New Master's degree and certificate programs

In order to be eligible for net revenue sharing, departments must submit for approval a Net revenue Sharing Participation Form to the Manager, Revenue and Grant Management, by October 15th for yearlong, Summer and/or Fall semester program and by February 28th for Winter and Spring semester programs. Forms are distributed to all departments and units prior to each semester.

II. Definitions

A. Incremental Tuition Revenue:

Tuition generated by the entrepreneurial activities listed above which is above and beyond what would be generated by traditional SAS degree and non-degree programs or courses.

B. On-campus Student:

A student who is currently registered for any on-campus (face-to-face) course. NOTE: Students from the Newark and Camden campuses are considered on-campus students.

- C. Off-campus Student: A student who is not currently registered for any on-campus courses.
- D. Online Premium: The differential between the tuition returned to SAS from a face-to-face course vs. an online course. Currently, Central returns 55% of the tuition revenue for a face-to-face course and 85% for an online course.
- E. SAS Tuition: That portion of University tuition revenue distributed to SAS for a given course/program.
- F. Terminal Master's: A stand-alone Master's degree program that is not a stepping stone to a doctoral degree.
- G. University Tuition: The total tuition that is returned to the University, pre-distribution.

III. Net Revenue Sharing Plan

Net revenue generated by eligible programs is shared between the SAS Dean's office and the originating departments on a graduated scale according to the type of program:

A. Master's Degree Programs

For new Master's degree programs (online and face-to-face), the SAS Dean's office shares the annual net revenue generated by the program per the chart below. "Net revenue" as used here means the SAS share of incremental tuition revenue generated by Master's program students taking courses within the program, minus all instructional and administrative costs of running the program.

Net revenue	Dept. Share	SAS Share
1 st \$50,000	80%	20%
2 nd \$50,000	65%	35%
3 rd \$50,000	50%	50%
4 th \$50,000	35%	65%
5 th \$50,000	20%	80%
6 th \$50,000+	10%	90%

Master's degree programs that were in existence before the publication of this policy (1/8/14) can be eligible for net revenue sharing by virtue of meeting the following criteria:

- The program has a baseline of at least twenty enrolled students, and;
- The program demonstrates incremental growth in student population of at least 20% above that baseline.

B. Certificate Programs

For new certificate programs (online and face-to-face), the SAS Dean's office shares the annual net revenue generated by the program per the chart below. "Net revenue" as used here means the SAS share of incremental tuition revenue generated by new certificate program students taking courses within the program, minus all instructional and administrative costs of running the program.

Net revenue	Dept. Share	SAS Share
1 st \$25,000	80%	20%
2 nd \$25,000	65%	35%
3 rd \$25,000	50%	50%
4 th \$25,000	35%	65%
5 th \$25,000	20%	80%
6 th \$25,000+	10%	90%

Certificate programs that were in existence before the publication of this policy (1/8/14) can be eligible for net revenue sharing by virtue of meeting the following criteria:

- The program has a baseline of at least twenty enrolled students, and;
- The program demonstrates incremental growth in student population of at least 20% above that baseline.

C. Online and Off-campus Courses

For individual online and off-campus courses, the SAS Dean's office shares the per semester net revenue generated by the courses per the chart below. "Net revenue" as used here means the SAS share of incremental tuition revenue generated by the course, minus all incremental instructional and administrative costs of running the courses.

Net revenue	Dept. Share	SAS Share
1 st \$10,000	80%	20%
2 nd \$10,000	65%	35%
3 rd \$10,000	50%	50%
4 th \$10,000	35%	65%
5 th \$10,000	20%	80%
6 th \$10,000+	10%	90%

D. Considerations

- *Face-to-Face Programs:* Following University-wide All Funds Budgeting (AFB) rules, the University's central administration retains forty-five percent (45%) of gross tuition revenue for a student credit. The distribution of the remainder (55%) depends on the student's school of matriculation. For tuition revenue generated by an SAS student, one hundred percent (100%) of the post-administrative balance is transmitted to SAS. For tuition revenue generated by a non-SAS Rutgers student, seventy-five percent (75%) of the post-administrative balance is transmitted to SAS (the school of instruction) and twenty-five percent (25%) is transmitted to the school of matriculation.
- SAS does not receive a percentage of the out-of-state tuition differential for non-SAS students. In lab science courses, SAS receives a percentage of the increased tuition rate for those non-SAS students who are enrolled in a school with a tuition rate that is higher than the SAS rate (e.g., Engineering). SAS receives a share of the standard SAS rate for students enrolled in schools with higher tuition rates when those students register in SAS courses that are not lab science courses.
- *Online Courses:* Following AFB rules, the University administration retains fifteen percent (15%) of gross tuition revenue for a student credit for online courses. The remaining eighty-five percent (85%) is shared between the teaching school (75%) and the enrolling school (25%). When SAS teaches its own students, it receives the entire amount (85%) transferred from the University. In the event that AFB rules change with respect to the portion of gross tuition revenue retained by the University administration, the SAS Tuition will change accordingly. The Net Revenue Sharing Plan will remain in place.

IV. Calculating Program Net Revenue

A. Online and Off-campus Courses

When on-campus SAS students enroll in off-campus courses or take online courses, SAS receives 85% of the tuition revenue from Central rather than the standard 55% for on-campus/face-to-face courses. The 30% incremental tuition generated by on-campus students in off-campus courses or online courses is counted toward net revenue sharing. When students from other schools enroll in off-campus or online courses, SAS receives 75% of the 85% (roughly 64%) from Central (the enrolling school gets the other 25%).

B. New Master's Degree and Certificate Programs

- i. All Master's & certificate students: Net revenue sharing applies to the SAS Tuition generated by student enrollments per the chart below.

Source of Tuition Revenue	Included in Net Revenue Sharing?
Master's/certificate students in program courses	YES
Outside Master's students in program courses	YES ¹
Non-Matriculating students in program courses	YES
Master's/certificate students in undergraduate courses	YES
Master's/certificate students in non-program courses (e.g., PhD courses)	YES
Master's/certificate students in non-SAS courses	YES ²
Master's/certificate students in outside Master's program courses	NO ³
PhD students in program courses	NO
Undergraduate students in program courses	NO

NOTES:

¹ When students from schools other than SAS enroll in program courses, net revenue sharing applies to the 75% School of Instruction share of tuition.

² Net revenue sharing only applies to the incremental revenue that accrues to SAS (SAS Tuition), which in this instance is the 25% School of Matriculation share.

³ If a Master's student enrolls in a course in another SAS Master's program, the department that hosts that program is credited with that tuition revenue for net revenue sharing purposes.

C. Online Master's Degree and Certificate Programs

- i. All online Master's/certificate students: Net revenue sharing applies to the SAS Tuition generated by student enrollments per the chart above.

V. Calculating Program Instructional Costs

A. Online Courses (Undergraduate)

Teaching on-campus students is part of the normal course of business of SAS; as a result, when on-campus students enroll in online courses, instructional costs are not deducted from the net revenue to be shared. Since teaching off-campus students in an online course is an incremental effort that generates incremental cost, instructional costs are deducted from the net revenue to be

shared in proportion to the number of off-campus students in a given class relative to the total number of students in that class. Thus, if there are ten off-campus students in a 50-student class, the instructional cost will be 1/5 of the salary of the instructor as calculated according to instructor status (see item VI below).

B. Off-Campus Courses (Undergraduate)

Teaching off-campus students (e.g., offerings at the Rutgers Higher Education Centers) is not part of the normal course of business of SAS; as a result, instructional costs are deducted from the net revenue to be shared.

C. New Master’s Degree Programs and Certificate Programs

- i. All Master’s degree/certificate programs: Instructional costs are deducted from the net revenue to be shared in proportion to the number of Master’s degree/certificate students in a given class offered by the program relative to the total number of students in that class. When Master’s degree/certificate students enroll in non-program (e.g. undergraduate) courses, instructional costs are not deducted from the net revenue to be shared.

D. Online Master’s Degree Programs and Certificate Programs

Fully online Master’s degree and certificate programs follow the same conventions for calculating instructional costs as those established for face-to-face Master’s degree and certificate programs.

VI. Instructional Costs

A. Faculty:	\$9,180 ¹
B. Annual:	Actual cost of annual to teach the course ²
C. PTL:	Actual PTL cost

NOTES:

¹ This amount is determined by doubling the SAS PTL minimum for a 3-credit course:

FY13	\$1,530	per credit
FY13	\$4,590	per class
FY13	\$9,180	per Faculty Member

² Calculated by dividing the annual’s yearly salary plus fringe by the number of courses taught to determine a per course cost.

VII. Requirements

All departments/units that are participating in the Net Revenue Sharing must abide by the following requirements:

- Departments offering Master’s degree programs that receive Net Revenue Sharing will provide the Dean’s Office with an annual budget for the program.

- Any departments using proceeds from the Net Revenue Sharing Policy to provide support to doctoral students need to confirm those plans with the Dean's Office before making commitments to graduate students.

Reason for Policy

The Net Revenue Sharing Policy is designed to provide an economic incentive for SAS faculty and departments to develop revenue-generating programs that highlight the extraordinary teaching and research within the school and at the same time further the mission and vision of SAS.

Who Should Read This Policy

This policy should be reviewed by:

- Deans, directors, chairs, and department heads
- Departmental administrators
- Departmental business managers and financial staff

Related Documents

Other documents related to the SAS Net Revenue Sharing Policy include:

- SASEP Agreement
- SAS Online Course Administrative Policy
- Online Course Development Fund Application Form
- Net Revenue Sharing Participation Form

Contacts

Questions about this policy should be directed to:

Chris Scherer
Director/New Program Initiatives & Digital Learning
77 Hamilton Street, suite 201B
New Brunswick, NJ 08901
848.932.6418
cscherer@sas.rutgers.edu