

Complete Policy Title:
**Academic Revenue Activity Policy for
Revenue Generating Graduate and
Undergraduate Degree, Diploma and
Certificate Programs Administered through
a Faculty**

Policy Number (if applicable):

Approved by:
Senate

Date of Most Recent Approval:
January 10, 2007

Date of Original Approval(s):

Supersedes/Amends Policy dated:
December 12, 1995

Responsible Executive :
Provost and Vice President, Academic

Enquiries:
[University Secretariat](#)

***DISCLAIMER:** If there is a Discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails.*

Preamble:

Under the conditions specified below, the University encourages the offering of revenue generating degree, diploma and/or certificate programs that increase the resource base of the University through revenues which go beyond those associated with tuition fees for the regular academic programs offered by the Faculties. These programs, and their use of University resources, are additional to, rather than a replacement of, any of the regular Ministry funded programs. These programs may be offered solely by McMaster University or in collaboration with one or more other institutions. The offering of such programs should reward sponsoring Faculties for their creativity, initiative and risk-taking, while supporting program development and capacity building in strategic areas across the University.

Guiding Principles:

- The University recognizes that one means of acquiring additional resources to achieve its strategic objectives is through special academic programs intended to generate extra revenue.
- The University supports the spirit of enterprise and reasonable risk-taking that will increase the capabilities of the University.
- These activities must be fully supported from the revenue paid by participants and/or non governmental external sources under the financial arrangements contained in this policy.

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- The University general income account will be provided with a share of the revenue to offset the indirect costs incurred by the University in the delivery of special programs and to contribute generally to the financial health of the University.
 - It is not expected that these programs will add significantly to the service infrastructure costs. If the volume of activity reaches a point where the cost of providing services for the program is onerous and exceeds the amount included in program costs, the cost arrangement will be reviewed during the normal budget process cycle.
 - Revenue generating programs will be offered only when they can be mounted without compromising the viability and quality of regular academic programs. The financial viability of a revenue generating program cannot be based on the assumption of future Ministry funding. Neither Ministry funding nor tuition from MTCU funded students can be used to subsidise revenue generating programs.
 - All undergraduate degree programs must be approved following the New and Revised Undergraduate Programs Policy located at <http://www.mcmaster.ca/policy/AdminAcad/AcadAdmin/New-RevUGPrograms.pdf>
 - All graduate programs must be approved following the Policy for the Creation of New Graduate Programs located at <http://www.mcmaster.ca/policy/AdminAcad/AcadAdmin/CreationNewGraduatePrograms-Steps.pdf>, or by successors to that policy
 - Any proposed certificates or diplomas must be approved by Undergraduate Council and Senate using the policy found at <http://www.mcmaster.ca/policy/AdminAcad/AcadAdmin/CertificatesandDiplomas.pdf>
 - Student access to student services and the appropriate ancillary fees must be determined in consultation with the Student Affairs and approved by the University Student Fees Committee.
 - While each Faculty is encouraged to pursue appropriate opportunities to offer revenue generating programs, the University recognizes that some academic units are better positioned to do so.
 - All existing University labour agreements and purchasing policies, which are relevant to the provision of goods and services to the program, must be honoured.

Criteria for Programs covered under this policy

- These programs are not supported through Provincial Government core formula funding. Ministry funded programs are covered under the undergraduate or graduate revenue sharing formula as recommended by the University Budget Committee.

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- These programs are developed and offered with the express purpose of generating revenues that are additional to revenues generated by Ministry funded programs and which do not merely draw students away from existing programs.
 - Tuition rates are defined in such a way as to generate revenues that exceed significantly the total costs of program delivery. Normally, such tuition rates will be higher than the rates charged for regular programs and will approximate at least the total Ministry and tuition funding available to regular programs.
 - This includes joint ventures and collaborative programs in which the University is a partner and which would fall under the policy if sponsored solely by the University.

In exceptional circumstances, programs covered under this policy may require an increase in the full-time faculty complement of the relevant academic unit. In such cases, the cost of additional faculty appointments must be attributed as a direct cost to the program. The financial risk associated with this will be borne entirely by the Faculty.

In many cases, special programs of this kind will be characterized by innovative modes of delivery, such as new formats or new off-campus locations. They will be developed to meet the specific educational interests or needs of a particular Faculty/program often in partnership with another educational institution and all costs will be the responsibility of the Faculty(ies).

A written business case, clearly identifying the program as revenue generating, must be presented to the Provost and Vice-President, Academic and the Vice-President Administration to assist with evaluation of revenue generating proposals. The Dean(s) will present the business case to the University Planning Committee to seek approval prior to the commencement of each revenue generating arrangement.

Business Case:

- The new undergraduate program approval process must be followed and the template for undergraduate revenue generating programs must be completed to ensure all revenues and expenses are considered.
- Certificate, diploma and graduate programs should format their business cases as closely as practical to the undergraduate program approval format.
- The business case must include the direction of 5% of the gross revenues to the University general income account for the use of the University brand and indirect costs.
- Incremental, direct overhead costs incurred on behalf of the program must be included in program costs. Incremental and direct overhead costs that must be considered include registration and student record costs, student services, specific library requirements and occupancy costs of space as well as any one-time costs such as programming changes to University computer applications.

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- If the program takes place in an off campus location, lease costs, occupancy costs, insurance, mail delivery, provision of support services and movement of goods and services between the main campus and the program site must be included as part of the cost to the program.

Reporting

The Dean of the sponsoring Faculty will provide the University Planning Committee and University Budget Committee with an annual assessment of each approved revenue generating program from both an academic and financial point of view. As part of the report, the Dean will make a recommendation regarding the future of each program. The Faculty managing the program is responsible for the financial risk associated with the program.