Charles Sturt University

Financial Arrangements for Full Fee Paying Off Shore Courses Policy

Section 1 - Introduction

(1) The Vice-Chancellor shall be responsible for determining fees for such courses, taking into account the course budget and fee recommendations that result from the application of this Policy.

(2) This document specifies policy and procedures for establishing budgets, setting fees and distributing surpluses for off-shore full fee paying courses conducted by Charles Sturt University (the University).

Section 2 - Financial Arrangements

Part A - Business Principles

(3) The University's fee-paying activities must be based on sound business principles. That is, such activities should normally be profit making. While a loss may be acceptable to initiate a new program, the loss should be made up from profits on other entrepreneurial activities and must not be a claim against the operating grant. The fee for any fee-paying activity needs to reflect both market and cost considerations. This means that rigorous budget procedures must be established so as to ensure:

a. that only costs genuinely incurred in developing and delivering a course are included in the course budget;
b. proper fee levels are set;
c. an equitable distribution of income to Faculties and sections of the University to cover costs; and
d. that only realised profit is distributed in an agreed manner.

Part B - Fee Setting

(4) A fee shall not be set until a budget has been established, agreed to by the major participants (normally this would be the Faculties involved, Office of Global Engagement and Partnerships and Office of Planning and Development) and endorsed by the Chief Financial Officer.

Part C - Budget Development Process

(5) When a new course is proposed either by the Office of Global Engagement and Partnerships or a Faculty, the Office of Global Engagement and Partnerships shall coordinate the development of a budget for the course.

(6) The Office of Global Engagement and Partnerships together with other major participants to provide a detailed statement of their contributions for the course with substantiated costing of these contributions.

(7) Budgets will be developed using the following principles:

a. each cohort is to be separately considered;

b. each year within a cohort is to be separately considered (e.g. second year of a course may have different cost structure);
c. course costs shall be determined on an actual cost basis. Where it is proposed that a grant funded course presently offered on-shore be offered on a fee paying basis off-shore, there should be a consideration of whether it is appropriate to cost on a marginal cost basis.

(8) Where agreement cannot be reached on a budget or where a budget is not endorsed by the Chief Financial Officer, it shall be referred to the Vice-Chancellor.

Part D - Cost Determination Principles

(9) The setting of fees for Full Fee Paying Overseas Student (FFPOS) courses should have, as one point of reference, the current costs for grant funded places.

(10) In determining the costs for various elements, the following methods are recommended. A particular method of costing might be varied if evidence is provided to support such a variation.

Academic Salaries

Full Cost

(11) This element should be calculated by applying school student/staff ratios to the course Equivalent Full Time Student Unit (EFTSU) and costing the resultant positions at the mid-range of academic salaries.

Marginal Cost

(12) Calculated by applying University part-time teaching rates for the particular categories of teaching involved in providing the course.

Administration Salaries (Faculty/School Office)

(13) The University-wide average student-staff ratio on an EFTSU basis is to be used to determine the number of staff required. These positions should be costed at the mid-range salary level and a marginalising discount factor applied.

Academic Travel (Academic Staff)

(14) The number of trips for subject presentation as detailed in the course program would be costed at an average per trip as determined by the University travel clerk.

Administrative Consumables (Faculty/School Office)

(15) This includes a flat per EFTSU charge to cover standard office and academic stationery, photocopying, etc. Based on actuals for previous year - approximately $20/EFTSU.

Off-Shore Costs

(16) The cost elements to be fixed at actual commitments contained in agreements with off-shore institutions or individuals.

Course Establishment Costs

(17) This allocation is to be based on actual development and accreditation costs identifiable by the Faculty or Sections involved. These costs are to be written off over a five year period.

Mail Packages

(18) These costs are to be estimated on a per subject basis having regard for the number of packages and the costs of materials (paper, binders, disks, tapes, etc.).

Postage and Freight

(19) This element should be based on estimated actual costs relating to delivery of materials.

Library

(20) Where a course involves significant involvement of the University Library, a charge equal to the 50% of the average annual library expenditure per EFTSU will be made for each EFTSU of load in a fee paying course ($214 in 1991).

Division of Information Technology

(21) Where a course involves significant involvement of the Division of Information Technology a charge will be made for each EFTSU of load in a fee paying course equal to 50% of the average annual computing expenditure per EFTSU ($146 in 1991).

Capital

(22) This charge is based on the capital component declared by DEET in the minimum fees for full-fee paying overseas students taught in the external mode.

a. For 1992, this component is:
    i. $340/EFTSU for Business, Humanities, Social Science, Education, Computing, Nursing and Arts; and
    ii. $460/EFTSU for Science (laboratory-based) and Agriculture.

Equipment

(23) The allocation should be determined by examining the proportion of recurrent expenditure to recurrent grants. This is approximately 2% of revenue. These funds are to be distributed by the Chief Financial Officer to the University Equipment Committees for their allocation.

Administrative Charge

(24) $100 per student should be charged to cover the central administrative costs of those sections directly contributing a service to a course. These funds shall be administered by the Chief Financial Officer to support the administrative divisions of the University and administrative sections of the campuses.

(25) The administrative charges will be paid at the following rates:

Recruitment/Admission	$16.00 per student
Enrolment/Despatch	$22.00 per student
Assessment/Examination	$31.00 per student
Invoicing/Receipting	$ 8.00 per student
Services provided by a campus	$23.00 per student

Salary On-Costs

(26) Represents on-costs on salary items in the Faculty and Office of Global Engagement and Partnerships areas of the budget to be calculated at the following rates:

Payroll Tax	7.0%
Workers Compensation Insurance	0.4%
Basic Benefit Superannuation	2.5%

(27) Approximately 10% of gross salaries.

Infrastructure Costs

(28) This charge, determined at 1% of gross course revenue, recognises the need for every University activity to contribute to those costs, which while partially indirect, are to some extent, still volume related. The funds should be placed in a designated campus cost centre, in proportion to EFTSU load taught at the campus, to be administered by the Chief Financial Officer to support the maintenance of building and equipment.

Part E - Budget Review

(29) Any significant and justifiable change to costs during the year should be reviewed and endorsed by the Chief Financial Officer.

(30) A review of budgeted income should be conducted by the Office of Global Engagement and Partnerships in August each year, with appropriate adjustments to any budgeted cost allocations which are based on student numbers.

Part F - Accountability

(31) Clear statements of actual income and expenditure for each program should be prepared at year-end and submitted to Internal Auditor or external auditor. These statements should be compared with budget, both as a test of the accuracy of the past budget process and as a guide to future budgets.

Part G - Distribution of Surpluses

(32) After matching actual costs (from statements above) with actual income, the surplus or deficit can be determined. Surpluses should then be distributed in accordance with the following formula.

(33) Distribution of surpluses should only take place after they have been realised, that is, about February of the following year.

(34) It is recommended that surpluses be distributed as follows:

Faculty Trust Fund	60%
International Office	20%
University Development Fund	20%

(35) In the event of a deficit resulting, any expenditure in excess of approved budget allocations would be borne by the Faculty or section incurring the expenditure. The Office of Global Engagement and Partnerships will bear all deficits incurred because of insufficient fee income or because of justifiable expenditure in excess of budget. The

Office of Global Engagement and Partnerships will be provided with a one-off contingency payment to support course developments and meet losses. The Office of Global Engagement and Partnerships' profits will be used to maintain and, if possible, enhance the level of the fund.

(36) Footnote: the suggested marginal costing discount factor is 0.5.

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