

Report of Workgroup on Distance Education and Self Funded Programs

Introduction

The workgroup was appointed by the Provost on June 11, 2008, and charged with recommending for adoption academic, administrative and financial policies on distance education and self funded courses.

The workgroup and its charge are the latest manifestations of the University's need to know and understand the current situation in this domain and, more importantly, develop policies that will be consistent with the University's strategic intentions.

Several previous groups have had similar charges and the resulting reports were used for reference by the Workgroup. These include:

- A.) McCollough /Glover proposal to Cost Reduction Task Force (2008).
- B.) Guidelines for creating Self Funded Courses or Programs (Hoit, 2007).
- C.) E-Learning and Distance Education Task Force (Abernathy, Chair, 2007).
- D.) Report of the Budget Allocation Committee (Jerry, Chair, 2007).
- E.) E-Learning Initiative at the University of Florida (Luzar, 2007).
- F.) Distance, Continuing, and Executive Education (Frazier, Chair, 2000).
- G.) Distance Learning Sub-Committee on Program and Substance (Cheek, Chair, 1995)

Section I –Definitions and Descriptions

In almost every case, the previous studies have found the task of describing daunting. In fact, implementation has been stymied by an inability to agree on a common lexicon as well as domain descriptors. Therefore, the Workgroup decided it was imperative that its view of the domain be articulated prior to policy recommendations.

A.) Definitions -

Asynchronous learning: Learning in which interaction between instructors and students occurs intermittently with a time delay. Examples are self paced courses taken via the Internet or CD-ROM, Q&A mentoring, online discussion groups, and email.

Blended (hybrid) learning: Learning events that combine aspects of online and face-to-face instruction.

Distance education: Educational situation in which the instructor and students are separated by time, location, or both. Education or training courses are delivered to remote locations via synchronous or asynchronous means of instruction, including written correspondence, text, graphics, audio and videotape, CD-ROM, online learning, audio and videoconferencing, interactive TV, and FAX. Distance education does not preclude the use of the traditional classroom.

E-Learning: The use of (information) technology to deliver some or all of a course. Term covering a wide set of applications and processes, such as Web-based learning, computer-based learning, virtual classrooms, and digital collaboration. It includes the delivery of content via Internet, intranet/extranet (LAN/WAM) audio and videotape, satellite broadcast, interactive TV, CD-ROM, and more.

In-load: Instructional assignment which makes up a portion of a faculty member's regular assignment. Such an assignment does not normally trigger Additional University Compensation.

Off-book: Courses offered with limited use of state funds that do not generate student credit hours for reporting to the state Board of Governors. Fees and tuition may be variable and are set by the cost to deliver the program, and market conditions subject to relevant regulatory limits.

On-book: Courses offered using state funded resources that generate student credit hours for reporting to the state Board of Governors. Tuition and fees are set by the state mandated tuition structure.

Out-of- load: Instructional activities which are not included in a faculty member's regular assignment. Faculty are usually given Additional University Compensation for out-of-load activities. Such payments can be funded from a variety of funding sources, including state (E&G) revenue.

Synchronous learning: As in a traditional classroom. A real-time, instructor-led online learning event in which all the participants are logged on at the same time and communicate directly with each other. In this virtual classroom setting, the instructor maintains control of the class, with the ability to "call on" participants. In most platforms, students and teachers can use a whiteboard to see work in progress and share knowledge. Interaction may also occur via audio or videoconferencing, Internet telephony, or two-way live broadcasts.

B.) Descriptions-

Delivery of education as incorporated in the mission of a University results from activity that is broadly described as teaching, research and service. The workgroup focused on the teaching component of this triad and that activity can be understood or classified by any number of attributes. For our purposes we describe this activity in terms of:

a.) The mechanics of production:

- Timing
 - Synchronous
 - Asynchronous
- Place
 - Distance
 - Local
- Platform
 - E-Learning
 - Traditional

b.) The funding of production

- Self funded
- State funded

The mechanics of production are important contributors to the quality of the educational experience and, indeed, some groups of students require certain mechanics for access.

However, this report does not engage the question of the optimal delivery combination, rather it focuses on the question of the funding of production.

An analysis of the funding options (Appendix A) identified two general cases. The self funded and the state funded. The charge of this group was in the self funded domain while the RCM Committee will develop recommendations for the state funded case.

C.) Self Funded Programs/Courses

Programs/Courses which generate sufficient revenues to fully cover appropriately attributed direct and indirect costs are self funded. These types of programs/courses have been the nexus of the University's concern with the area. Questions have abounded including:

- a.) What constitutes such a program?
- b.) What entity controls the pricing of such a program?
- c.) What entity controls/captures the revenues from such programs?
- d.) Who provides the oversight functions-academic, financial, administrative?

Seeking answers to these questions leads to a set of attributes or criteria that must be present for a program to be eligible for self funded status.

- a.) The program must have a sound business case which clearly shows how and when the program will become self-supporting.
- b.) The program must have the financial flexibility to deal with changes in the relevant educational market.
- c.) The program must have no impact on current SCH generation. This "leave harmless" criteria also applies to reasonable expectations concerning future SCHs.
- d.) The program must contribute to the overall vision of the College and the University, and must be in response to a clearly identified need/demand.
- e.) Faculty participation cannot be at the expense of their in-load productivity and research output.

Section II - Recommended Policies: Academic, Administrative, and Financial Oversight

A.) The Colleges/Centers that offer self funded programs/courses have primary responsibility for all aspects of oversight associated with such programs/courses. Such responsibility includes:

1.) Academic:

- Programs/Courses consistent with the mission of the College and the University.
- Programs/Courses consistent with standards of excellence both in delivery and performance that inform the activity of the University.
- Programs/Courses consistent with the reputation of a major Research I University.

2.) Administrative:

- Support consistent with attaining and maintaining quality standards that are comparable to or better than those associated with state funded courses.

3.) Financial:

- Develop and sustain a business plan that provides immediate and ongoing

- information about the program/course financial viability.
- Maintain appropriate financial planning and budget documents.
- Provide annual reports that meet the auditable standards of sufficiency and precision.

B.) The University must also have an oversight role. This oversight function would have the following components:

1.) Approval Policy:

All proposed self funded programs/courses must be approved by the Provost/Designee. The approval process will be completed within 30 days of submission and will assure the programs/courses meet the attribute tests for self funded and the offering unit has a viable and inclusive oversight plan in place.

2.) Information Sharing Policy:

All units delivering self funded programs/courses will provide annual reports to the Provost/Designee summarizing the current and expected future state of the activity to include all financial and academic results. The receiving entity will provide a University summary of this information to all Colleges in a timely fashion.

3.) Audit Policy:

The Provost/Designee should use the heretofore described information flows to ascertain that such programs/courses maintain their viability and achieve their financial and academic goals. Any significant deviation will be cause for cessation and reapplication.

4.) Organizational Structure:

The University should establish the Office of Academic Access to provide the “designee” oversight tasks described for the University. However, the charge of this office should be much broader and it is in such office that the synergies of e-learning, distance education, and self funded courses should be attained. The designated Assistant Provost should be engaged in strategizing, facilitating and reporting on all aspects of academic access including access to programs/courses through the self funded vehicle and/or the distance education venue. The domain will include Academic Access through E-Learning which provides platform enhancement that runs the place and timing gamut. The offices of Academic Technology as well as the Division of Continuing Education will report to this officer who will also work with the University IT Director to manage the possible overlap of interest and responsibility.

Section III – Recommended Financial Policies

1.) Revenues:

A.) All revenues generated by self funded courses through fees, tuition, or course related charges accrue to the offering unit.

These funds, unless otherwise restricted, will be used by the offering unit in the following order:

a.) To pay all direct costs attributable to the program/course generating the revenues.

b.) To pay all indirect costs attributable to the program/course generating the revenues.

- B.) Pricing: The pricing (charges, fees, tuition) of the self funded programs/courses shall be at the discretion of the offering unit subject to the following constraints, and/or considerations.
- 1.) Regulatory requirements or statutory limits. Any applicable rules, regulations or statutes must be observed and complied with:
Example:
Distance Learning Fees for undergraduate classes can not exceed the amount required for cost recovery.
 - 2.) Full Cost Recovery
Pricing must fully support the direct and indirect costs associated with the program/course.
 - 3.) Market conditions
Proper pricing in a viable business plan must take into consideration comparable products, student pricing points, competition, etc.
 - 4.) Institutional Representation
Pricing in markets with limited access and no regulatory constraints must be tempered by the fundamental public service attribute of higher education.
 - 5.) Initial pricing and subsequent significant changes are subject to approval by the Office of Academic Access.

2.) Costs

- A.) All direct and indirect costs associated with the self funded programs/courses will be charged to the offering unit (revenue receiving unit).
- B.) An overhead fee of 8% shall be charged against the revenues generated by self funded courses. The funds generated by these charges shall be used to meet the University's cost of support as detailed in section 3 (Overhead Fee).
- C.) Appropriate student fees shall be charged against the revenues generated by self funded courses. The appropriate fees are detailed in section 4 (Student Fees).

3.) Overhead Fee

A.) Fee Amount

- 1.) The rate will be 8% on revenues beginning with the Academic Year 2008-09.
- 2.) When the RCM model for campus budgeting is implemented, the rate will change to the minimum rate in the acceptable overhead range of the RCM model (currently not expected to exceed 16%).

[The change to the RCM model is expected to be implemented in equal increments over a five to seven year period. Any program initiated during this period will pay at the RCM tax rate.]

B.) Fee Use

- 1.) The fees collected shall be allocated in accordance with the following schedule:
1% - Division of Continuing Education for fund management services

- and other support delivered.
- 3% - Finance and Accounting Office support for People Soft.
- 4%-12% - Provost's Office
 - a.) Start-up funds (25% of receipts; see C)
 - b.) Cost Pool Allocations (see D)
 - c.) Strategic Initiatives

C.) Start up Funds

This pool will be used by the Director of OAA (Office of Academic Access) to encourage and support the development and delivery of self funded courses. To that end the following start up packages will be standard:

\$50,000 ≤ Grants for proposal preparation to include appropriate market analysis and detailed business plan.

\$250,000 ≤ Loans with timely and appropriate servicing to cover costs of start up, personnel, and expenses.

D.) Cost Pooling

The University provides various services to all units. These services may or may not benefit self funded courses/programs. The RCM committee is endeavoring to create cost pools and a methodology to allocate such cost pools. Self funded programs will only be charged for services used and these will be identified at the time of proposal review and approval. The pools MAY consist of:

General Good	President's office Finance and Accounting Public relations UF Participation (Branding) Etc.
Student Services	Registrar Admissions Bursar Financial Aid administration
Facilities	Utilities Maintenance and repair
Information Technology	AT Bridges CNS
Development administration	
Financial aid	
Libraries	
Research administration and initiatives	
Strategic initiatives	

E.) Transparency

The Provost's office shall distribute annually to the taxpayer a detailed description of the sources and uses of the tax receipts.

4.) Student Fees

The appropriate set of student fees that should be charged to participants in self funded courses/programs are of two types:

- A.) University related fees will be charged against all students to include Building, Capital Improvement Trust Fund, Athletics, and Student Financial Aid fees.
- B.) Activity related (local) fees will be charged on the basis of accessibility. These include Activity and Services, Health, and Transportation fees.

The appropriate fee structure for the course/program will be established at time of approval.

Section IV - Conclusion:

The inclusion of self funded courses in the activity of the University is a win-win decision. It provides additional access to the University and unit; it provides funding alternatives and diversity for the University and unit; and it provides market metrics for relevance and efficiency for the University and the unit. Clearly, the realization of these mutual benefits requires a facilitating, rational, and responsible environment. These recommended policies are intended to contribute to such a setting.

There are two caveats that are relevant.

- 1.) The workgroup recommendations have preceded the RCM Committee's findings and although there is interlocking membership, there may be a need for some modifications for consistency.
- 2.) The Workgroup did not include the clinical practice plans of the Health Center in its deliberation so that important area of self funded activity is not captured in this review.

Appendix A

- 1.) The decision model has three important variables:
- a.) The funding variable – self funded; state funded
 - b.) Production variable – on-book, off-book
 - c.) Compensation variable – University contract salary (in-load), Additional University compensation (out-of-load, overload, extra compensation)

The funding variables are critical and their attributes provide a basis for reviewing the implications of the interactions.

<u>Title</u>	<u>Self funded</u>	<u>State funded</u>
Pricing	Determined by offering unit with full cost and market consideration. (M) [Subject to constraints]	Determined by state regulation. (R)
Costs	Fully covered by offering unit at market cost. (M)	Covered by state tuition & appropriations at historical cost. (H)
Indirect Costs	Captured by offering unit. (Y)	None or not available to unit. (N)

As a result the decision model may take on one of several combinations:

<u>Case</u>	<u>Pricing</u>	<u>Cost</u>	<u>Indirect Cost</u>
1. Self funded, off-book out-of-load	M	M	Y
2. Self funded, off-book, in-load (buy out)	M	H/M	Y
3. Self funded, on-book out-of-load	R	H/M	Y
4. Self funded, on-book in-load	R	H	Y
5. State funded, on-book, in-load	R	H	N

6. State funded, on-book, Out-of-load	R	M/H	N
7. State funded, off-book out-of-load	M	M	N
8. State funded, off-book in-load	M	H	N

Cases 4, 7 and 8 represent permutations that are currently not feasible in as much as they are internally inconsistent. Case 3 is actually a hybrid in as much as the self-funding is a result of tuition collected but there is also state funding generated by the on-book FTE produced.

-State funded options:

Case 5 is the standard case and case 6 is engaged only in exceptional circumstances and is currently subject to Provost approval.

-Self funded options:

The optimal case for the self funded courses/programs is case 1. This allows for the pricing and cost flexibility required for viability and the indirect contributions for incentivization. The other self funded cases necessarily impact in a negative way the viability attribute. By design, the tuition for state funded courses is a small percent of the cost and the state subsidization (appropriations) even if fully passed through funds below market cost ~ in fact, funding in the lowest decile among all states assures this outcome.

The in-load, out-of-load compensation for faculty has many of the same dimensions. The self funded off-book configuration permits the offering unit to pay market value for faculty services. The buyout option (case 2) is an imperfect substitute. Although the same number of teaching units is obtained, the composition is likely to be inferior because the compensation is for the teaching skills only, whereas the overload faculty bring the teaching/research blend characteristic of Research I faculty.

Case 3 (the hybrid case) has offered a unique and useful response to the distant delivery of in-residence courses. Current statutes recognize additional cost recovery necessary in such “on-book” courses and these additional costs are in part, faculty compensation (and incentive) for participation in this non-standard teaching platform. In the long run case 3 is likely to evolve into case 1 or case 5 and thus the base cases (1 and 5) should be sufficient.

Members of the Workgroup on Distance Education and Self Funded Courses/Programs

Cammy Abernathy – College of Engineering

Russ Armistead – Health Science Center

Sheri Austin – University Budget Officer

Frank Bova – College of Medicine

Tom Dana – College of Education

Matt Fajack – University Chief Financial Officer

Ken Gerhardt – University Graduate School

Andy McCollough – College of Business Administration- Chair

Mark Rieger – College of Agricultural and Life Sciences

Ian Tebbett – College of Pharmacy