Montclair State University

Policy on Revenue Sharing
Related to Certain Revenue-Generating Educational Programs and Initiatives

This policy outlines the procedures for sharing net revenue generated by certain revenue generating programs and other educational initiatives that originate from colleges and schools.

A. Eligibility for revenue-sharing

Programs and other educational initiatives that are eligible for revenue-sharing include: corporate and other third-party contracts for services, which may or may not be credit or degree granting; professional development and other continuing education programs; and children’s and other community educational programs. Programs and other educational initiatives which are not eligible for revenue-sharing are baccalaureate, master’s or doctoral degree granting programs, and certificate programs which are closely aligned with, or the credits of which may be accepted as part of, a degree-granting program, unless they are delivered specifically pursuant to a corporate or other third-party contract for service. The eligibility of a program for revenue-sharing is not determined by the mode of instruction or the geographical location or the date or time of delivery of the program.

B. Definition of Net Revenue

Net revenue is defined as the actual revenue received in a given fiscal year, minus that year’s direct and indirect costs and minus any prior year’s deficit. Direct costs are all costs necessary to and associated with the delivery of a program or other educational initiative. Those costs include: salaries, wages, and associated fringe benefits; program development costs; consultants; third-party payments or contractual revenue shares; facility rental fees; equipment and supplies; marketing; and all other operating costs. Indirect costs (also referred to as overhead) are those costs incurred by the University to support a program that are not charged to the program, for example, operation and maintenance of facilities, energy, financial and accounting services, human resource, procurement, and computing services, etc. The indirect cost for any given program is calculated as 20% of that program’s direct costs. (See the University’s indirect cost policy for further information.)
C. Distribution of Net Revenue

The net revenue-share earned by a college or school shall be made available to the college or school in the fiscal year after it is earned once the annual audit is completed. Net revenue shall be allocated as follows:¹

- **Up to $100,000**: 100% College or School
- **Above $100,000 to $200,000**: 50% to University; 50% to College or School of incremental revenue above $100,000
- **Above $200,000 to $500,000**: 60% to University; 40% to College or School of incremental revenue above $200,000
- **Above $500,000 to $1,000,000**: 70% to University; 30% to College or School of incremental revenue above $500,000
- **Above $1,000,000 to $2,000,000**: 80% to University; 20% to College or School of incremental revenue above $1,000,000
- **Above $2,000,000**: 90% to University; 10% to College or School of incremental revenue above $2,000,000

D. Procedures

Proposals for programs intended for revenue-sharing must be submitted by the Dean to the Office of the Provost, with a copy to the Office of Budget and Planning, and must include a budget plan with a minimum of three years of projected revenues and costs. (Please complete the form Budget Worksheet for New Programs available at [http://www.montclair.edu/budget-planning/forms](http://www.montclair.edu/budget-planning/forms).) After review, the Provost will provide a recommendation to the President.

Once a revenue-sharing program is approved, a new department will be set up in the financial system to track all program-related revenues and expenses.

Allocations of net revenue shall be made into the Dean’s operating budget account. All spending from net revenue must be approved in advance by the Provost’s office.

¹ Exceptions to the general allocation policy apply to the Gifted and Talented Program and P-3 Abbott Program in the College of Education and Human Services, and the Disney Program in the Feliciano School of Business, as follows:

- **Gifted and Talented Program**
  - Up to $300,000: 100% to University
  - Above $300,000: 75% to University; 25% to College

- **P-3 Abbott Program**
  - All net revenue: 60% to University; 40% to College

- **Disney Program**
  - All net revenue: 40% to University; 60% to School