EAB

Avoiding the Most Common Mistakes in New Program Planning

The Future of Arts & Sciences Part V

Ashley Delamater
Senior Analyst
EAB Strategic Research

adelamater@eab.com
202-266-6552

Academic Affairs Forum

Managing your audio

Use Telephone

If you select the "use telephone" option, please dial in with the phone number and access code provided.

Use Microphone and Speakers

If you select the "mic & speakers" option, please be sure that your speakers/headphones are connected.

Questions Panel

Questions:

To ask the presenter a question, please type into the question panel and press send.

File View Help

☐ Audio

Audio Mode: ● Use Telephone
○ Use Mic & Speakers

Dial: **+1 800 555 1212**
Access Code: **227-984-025**
Audio PIN: 70

If you're already on the call, press #70# now.
(and _additional numbers_ ..)

☐ Questions

[Enter a question for staff]

Send

How to Schedule a webinar?
Webinar ID: 202-981-385

GoToWebinar™

Academic Innovation Survey

Looking At Innovation Across Disciplines

EAB — Academic Affairs Forum

Academic Program Innovation Survey

EAB is collecting profiles of innovative programs in order to build a database our members can use to generate ideas and lessons in effective program innovation. Please fill out the information below to help us identify innovative programming on your campus.

Name: _____

Institution: _____

Title: _____

Instructions: What innovative programs has your institution launched in the last 5-10 years? Include programs from units across the institution.

Example: Susquehanna University

- Program Title: Publishing & Editing
- Department involved: Department of English & Creative Writing
- Brief Description: English major that focuses on the publishing & editing industry and incorporates professionally-oriented elements to prepare students for careers after graduation
- Innovative element(s): Using courses and experience outside the core to easily change the program from English to Publishing and Editing. The addition of a practicum taught by an industry professional and a required internship

Program 1

What is the title of the program?

_____

Which department(s) are involved in the program?

_____

Please provide a brief description of the program.

_____
_____
_____
_____

The Key Drivers of Arts & Sciences Performance

Trends by Major

Disciplinary Trends
Institutional Variation
Demographic Preferences

Career Outcomes

Placement and Salary
Occupational Distribution
In-Demand Skills

Course Enrollments

Majors vs. Non-Majors
General Education
Transfer Credits

The Economics of Arts & Sciences

Instructional Costs
Research Costs
Cross-Subsidies

Key Findings

Disciplinary Trends

- Majority of Baccalaureate completions growth in Health Professions

- Absolute declines in Education and Humanities

- Growth in Business and Social Sciences has slowed

- At sub-discipline level big gainers are Nursing, Communications, Criminal Justice

Institutional Variation

- Most institutions saw small declines in humanities – large declines at a small number of institutions drove national trend

- Masters Universities saw largest swings

Demographic Preferences

- Women make up more than half of completers in all major fields except physical sciences, engineering, and computer science/ mathematics

- Changing major preferences among women driving nearly all of the increases in health sciences and decreases in business and liberal arts

- Hispanics driving a larger share of growth than any other population

Key Findings

Placement and Salary

- Undergraduate major is strongly correlated with career outcomes such as job placement rate and early career salary

- Major/ career choice appears to depend on "meaningfulness" as much as expected salary (with nursing as the only discipline high on both measures)

- Career "engagement" depends more on high impact educational experiences than major

Occupational Distribution

- Pre-professional majors correlate with higher salaries because they track students into a small number of high paying occupations while liberal arts majors lead to a diversity of occupations with a much wider range of compensation

- An important contributor to career outcomes for pre-professional majors are the built-in supports for career exploration which are often lacking in liberal arts programs

In-Demand Skills

- Increasing evidence indicates that technical skills may be less valuable for long-term career outcomes than "soft skills"

- Liberal arts proponents often argue for an advantage for their disciplines in soft skills but little evidence exists to support this claim

- Many valuable technical skills (such as web design, basic data analytics) can be easily acquired during (or immediately after) a liberal arts education

Key Findings

Majors vs. Non-Majors

- Number of majors is not a useful metric for the health of many liberal arts departments

- Second majors, minors, and courses required for majors outside the College of Arts & Sciences are significant factors in demand for liberal arts courses

General Education

- Arts & Sciences departments have long depended on general education to maintain course enrollments but modifications to requirements and changing patterns of credit transfer have the potential to significantly impact their enrollments

- Attempts to align general education requirements with student success or more integrated learning outcomes often founded on their potential impact on student credit hour trends in specific departments

Transfer Credits

- State-wide and system initiatives as well as increasing competition for a shrinking 18-22 year population have led to a broad range of initiatives to facilitate credit transfer across institutions

- Anecdotal data indicates that the transfer of credits from community college, early college, and online courses is reducing demand for lower division liberal arts courses

Key Findings

Instructional Costs

- In many Arts & Sciences disciplines student credit hours are falling faster than departments can respond. Faculty numbers and numbers of courses are flat or increasing, leading to fewer SCH per faculty member and therefore higher costs per SCH

- Enrollments are typically growing fastest in the highest cost disciplines (health professions, engineering) shifting the cost structure of the entire university

Research Costs

- As most colleges and universities strive to increase faculty scholarship and externally funded research, the costs of faculty salaries, facilities and equipment, and lighter teaching loads drives up instructional costs

- Doctoral programs continue to expand despite deteriorating placement rates, requiring further institutional subsidies
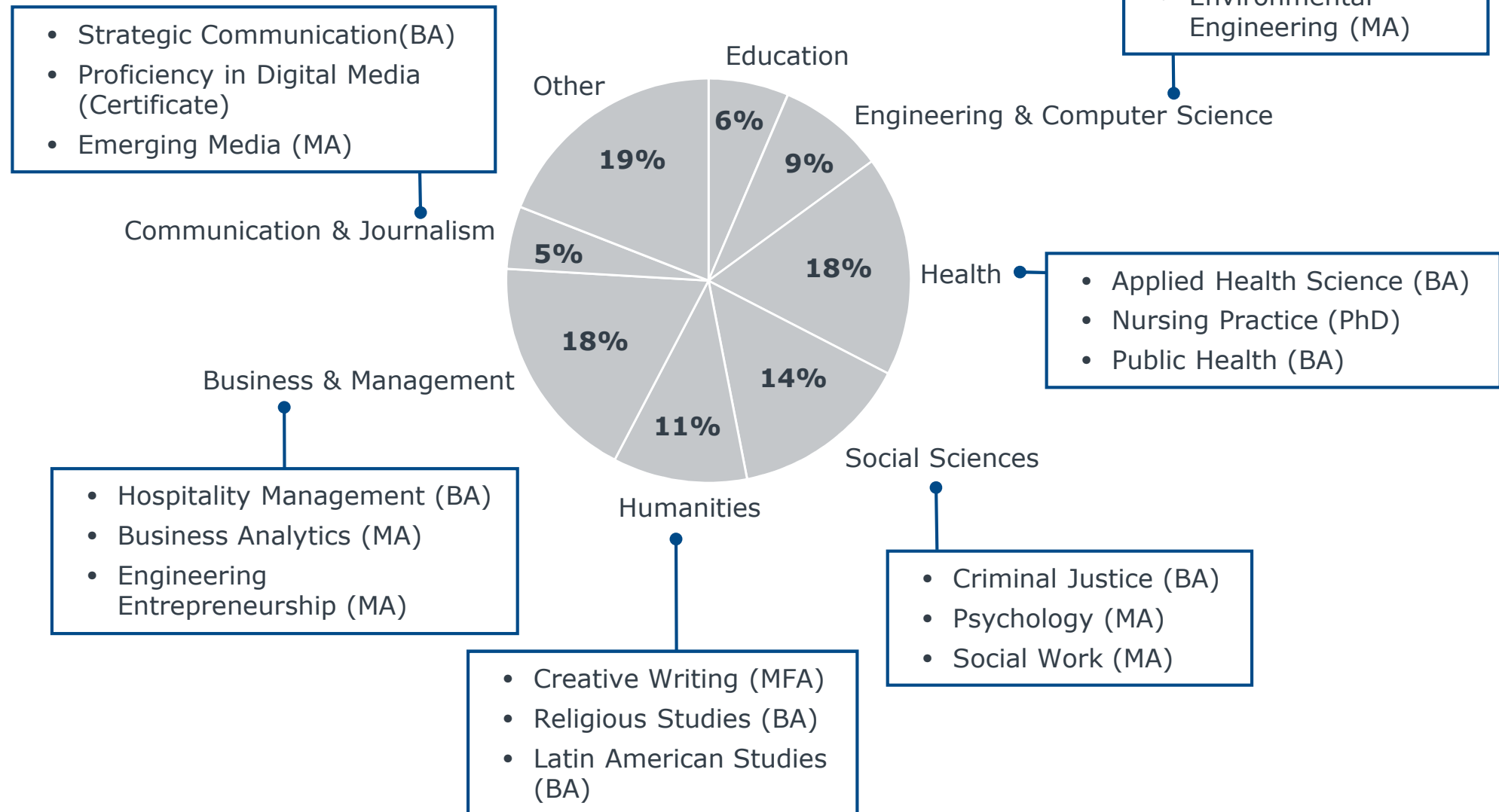
Cross-Subsidies

- On average Colleges of Arts & Sciences have lower costs per credit hour than most other pre-professional schools, implying that liberal arts students are subsidizing students in other colleges

- The shift to more transparent budget models (such as RCM) has forced some Colleges of Arts & Science to make cuts in order to sustain their traditional subsidy

New Program Launches Aligned with Emerging Employer Demand

New Programs Trends

Programs Launches 2011-2017 by Major Group

Strategic Communication (BA)
- Strategic Communication(BA)
- Proficiency in Digital Media (Certificate)
- Emerging Media (MA)

Communication & Journalism

Cybersecurity (MA)
- Cybersecurity (MA)
- Environmental Engineering (MA)

Engineering & Computer Science

Education

Other

6%

9%

19%

18%

5%

Health
- Applied Health Science (BA)
- Nursing Practice (PhD)
- Public Health (BA)

Business & Management
- Hospitality Management (BA)
- Business Analytics (MA)
- Engineering Entrepreneurship (MA)

18%

11%

14%

Humanities
- Creative Writing (MFA)
- Religious Studies (BA)
- Latin American Studies (BA)

Social Sciences
- Criminal Justice (BA)
- Psychology (MA)
- Social Work (MA)

Inside Higher Ed New Programs Listings

▶ DATA SOURCE | ▶ METHODOLOGY | ▶ DATA LIMITATIONS

Inside Higher Education

- Data collected from *Inside Higher Ed's* new program announcement pages

- *Inside Higher Ed* collects and publishes all new programs sent to them and located by their staff

- They include new degree programs (associate – PhD), certificate programs, major, and minors without regard to location or modality

- New courses are not included

- Available at insidehighered.com

Pulling the Data

Searched for "colleges start new academic programs" and pulled the data, institution name, title of program, and credential type (specialization, minor, certificate, associate's, bachelor's, master's, and doctoral degrees)
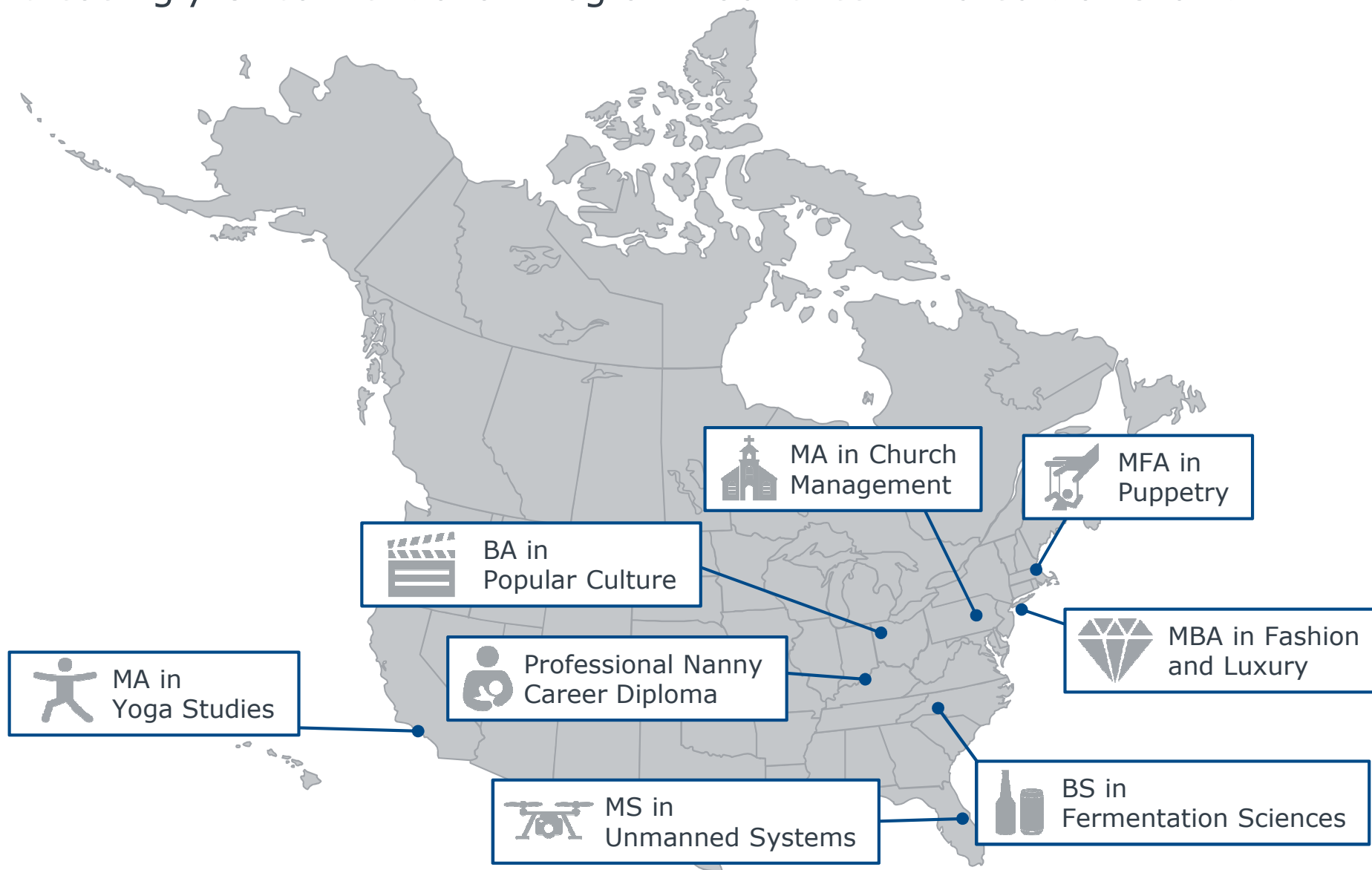
Analyzing the Data

Programs were classified by credential type, 2-year vs. 4-year institutions, and broad-level major groupings

- Analysis does not capture every new program launched in higher education over the last 6 years

- Programs are not perfectly aligned to major fields do to the high number of interdisciplinary programs

- Data do not shed light how successful the programs are or if they have since closed

Increasingly Unconventional Program Launches in Pursuit of Growth

MA in Church Management

MFA in Puppetry

BA in Popular Culture

MBA in Fashion and Luxury

MA in Yoga Studies

Professional Nanny Career Diploma

MS in Unmanned Systems
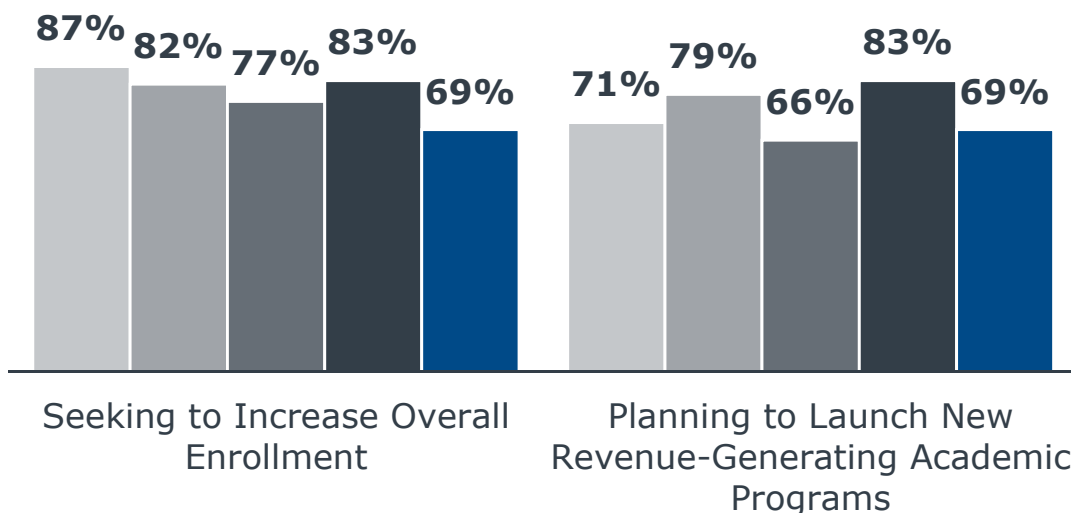
BS in Fermentation Sciences

Source: Appalachian State University, Boone, NC; Bowling Green State University, Bowling Green, OH; Embry-Riddle University, Daytona Beach, FL; Loyola Marymount University, Los Angeles, CA; New York University, New York, NY; Sullivan University, Louisville, KY; University of Connecticut, Storrs, CT; Villanova University, Villanova, PA; EAB interviews and analysis.

Growth the Top Institutional Imperative for Most

Key Focus Across Different Campus Leaders and Segments

CBOs with Strong Growth Aspirations[1] by Segment

Seeking to Increase Overall Enrollment
- All: 87%
- Public Doctoral: 82%
- Public Master's/Baccalaureate: 77%
- Private Doctoral/Master's: 83%
- Private Baccalaureate: 69%

Planning to Launch New Revenue-Generating Academic Programs
- All: 71%
- Public Doctoral: 79%
- Public Master's/Baccalaureate: 66%
- Private Doctoral/Master's: 83%
- Private Baccalaureate: 69%

Legend:
- All
- Public Doctoral
- Public Master's/Baccalaureate
- Private Doctoral/Master's
- Private Baccalaureate

Leaders Across Campus Affirm Growth Imperative

88%
Provosts agree[1] that financial concerns prevalent in institutional discussions about launching new programs

95%
Online education administrators indicate plans to launch new online programs in next 3 years

1) Agreeing or strongly agreeing with survey statement.

Student Populations Changing in Makeup and Behavior

Less Traditional

2.4M

Decrease in overall US higher ed enrollments between 2011-2017

- Dramatic slowdown in growth of high school graduates with significant variation by region
- Full-time, residential students now minority at many institutions
- Adult enrollments fluctuate with economy

4M

Estimated potential completers in US degree completion market

- Large opportunity to enroll adults with some college credits but no degree
- Est. 31M adults in US with some college credit, but pool of potential completers with 2+ years progress toward degree likely much smaller

More Cost-Conscious

362%

Increase in student loan debt from 2004-2014

- Net price of 4-year degree rising as share of middle class family income falling
- Potential graduate students likely to carry undergrad loan debt

Less Predictable

70%

of adult applicants in 2014 had no contact with institutions before applying

- Prospective students increasingly more comfortable with independent searches
- 75% increase in proportion of total applicant pool that are "stealth shoppers" from 2012-2014

Implication

Growth requires managing volatile enrollments and accessing under-served populations

Degree completers emerging as growth opportunity, but prospect market smaller than commonly believed

Undergrad net tuition revenue growth continually decreasing; prospective graduate students more focused on ROI
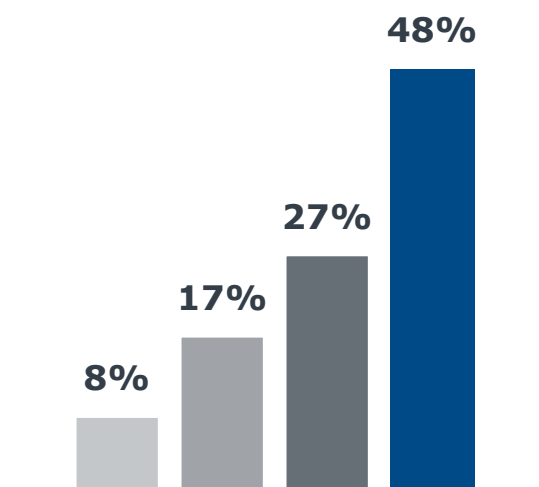
Forecasting enrollments and planning for instructional capacity more challenging

Source: Marcus, J, "Universities and Colleges Struggle to Stem Big Drops in Enrollment," Hechinger Report, June 29, 2017; National Student Clearinghouse, Research Center "Some College, No Degree: A National View of Students with Some College Enrollment, but No Completion," July 2014; "The Center for Microeconomic Data," Federal Reserve Bank of New York; EAB interviews and analysis.

A Crowded Marketplace

Intensifying Competition for Undergraduate and Graduate Enrollments
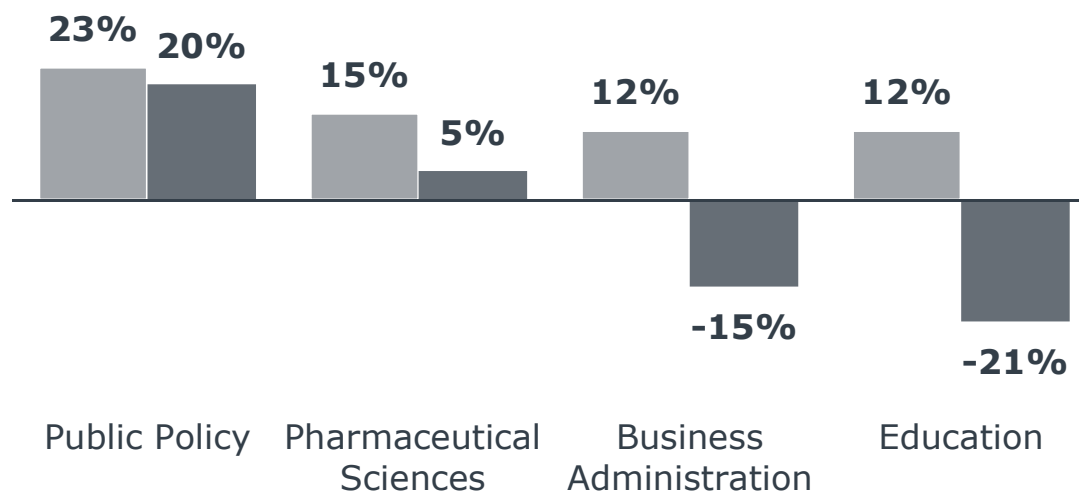
A Long Tail of Undergraduate Competitors

Where Admitted Students Who Did Not Deposit Went (n = 81,827)

Graduate Supply Outpacing Demand

Growth in Master's Program Enrollments and Number of Programs, 2010-2015

Chart 1 bars:
- Top Competitor: 8%
- Competitors #2 - #5: 17%
- Competitors #6 - #20: 27%
- Outside Top 20 Competitors: 48%

Legend:
- Top Competitor
- Competitors #2 - #5
- Competitors #6 - #20
- Outside Top 20 Competitors

Chart 2:
- Public Policy: 23% (Number of Programs), 20% (Enrollment)
- Pharmaceutical Sciences: 15% (Number of Programs), 5% (Enrollment)
- Business Administration: 12% (Number of Programs), -15% (Enrollment)
- Education: 12% (Number of Programs), -21% (Enrollment)

Legend: ■ Number of Programs ■ Enrollment

650

Institutions added new master's programs in 2012

+1,700

New master's programs introduced in 2012

Source: "DepositIQ Survey 2016," Royall & Company, 2016; "Graduate Enrollment and Degrees: 2005-2015," Council of Graduate Degrees, 2016;"Master's Degree Programs," Integrated Postsecondary Education Data System, 2017; EAB interviews and analysis.

If You Build It, Will They Come?

New Market Pressures Cause Many Program Launches to Falter

"In today's environment, it's no longer 'if you build it, they will come.' Now, if you build it, and it is in demand, and you do a really good job marketing it, then *maybe* they will come."

Michael Cottam,
AVP for Academic Affairs

Webster University

"Until recently, I would have told you that health sciences and business were 'sure bets' for enrollments, but I'm now seeing failures in those disciplines, too. It's concerning to me that these sure bets aren't working out anymore."

Chief Planning and Budget Officer

Private Research University

Source: EAB interviews and analysis.

Many Campuses Experiencing "Profitless Growth"

New Programs Underperform, Become Long-Term Drains on Institution

Hard Lessons Learned in "Profitless Growth"

Lesson	Too many programs fail due to lack of validation	Strong enrollments do not equate with net revenue growth if costs too high	Longer-than-expected ramp up periods strain short-term finances
Example	Schuyler[1] University launched new specialized master's in education without adequately evaluating demand data	Burr[1] College neglected to account for new facilities costs of proposed science program prior to approval	Mulligan[1] University expected new data science program to generate positive net tuition revenue by year 2
Result	Projected year 1 enrollments of 60 students; enrolled four students in first cohort	Program continues to be subsidized by other programs in the college	Program ultimately broke even in year 5; college dean struggled to accommodate 3 years of unexpected losses

1) Pseudonym.

Source: EAB interviews and analysis.

How Much Do Undergrad Launches Really Drive Enrollment?

Questioning the Economics of Undergraduate Program Growth

? What are the financial, reputational, and enrollment benefits of launching new undergrad programs?

? Do prospective undergrads base enrollment decisions on programs or institutions?

? Will the new programs we are considering attract students who would not have enrolled otherwise, or simply shift students around?

? What types of programs really impact prospective student (and parent) decisions?

Types of Programs with Potential to Grow Undergrad Enrollments

- Programs with explicit career focus (e.g., physician assistant studies, social work)

- Programs that appeal to international students (e.g., engineering, business, technology)

- Interdisciplinary programs in niche fields with few competitor offerings (e.g., arts entrepreneurship)

The Four Most Damaging Mistakes in New Program Planning

1 Using one-dimensional market data to evaluate demand potential

2 Designing programs around academic norms and preferences

3 Overlooking indirect, incremental, and knock-on costs

4 Committing inflexible, fixed resources before programs demonstrate demand

Source: EAB interviews and analysis.

No Single Source of Data Reflects All Necessary Demand Considerations

Common Data Sources Limited in Isolation, Yield Robust Demand Insights in Aggregate

Type of Data	Source	Limitations
Labor Market Demand	National and State/Provincial Government Databases (e.g., Bureau of Labor Statistics)	• Databases updated infrequently (i.e., every 3-5 years), so not all new and emerging fields (e.g., data science) are included • National and state/provincial labor trends do not always apply to local context
	Industry Associations (e.g., American Nurses Association)	Industry-sourced growth projections often overly optimistic
	Real-Time Employer Demand Analytics (e.g., EMSI)	Labor market demand does not always translate into student demand
Student Demand	National and State/Provincial Government Databases (e.g., National Center for Education Statistics)	National and state/provincial student trends do not always apply to local context
	Institutional Surveys	Indicated interest from representative students (i.e., individuals in target demographic not actively seeking credential) does not always translate into actual student enrollments
Competitor	Integrated Postsecondary Education Data System (IPEDS)	Multi-year lag time for some datasets (e.g., two-year lag between enrollment period and enrollment data update)

Source: EAB interviews and analysis.

Misinterpreting Data Weakens Projections

Flawed Assumptions About Market Size, Competition, Reputation

1 Overestimate Reach

Percentage of online students attending institutions within 100 miles of home

56% — 2013
72% — 2017
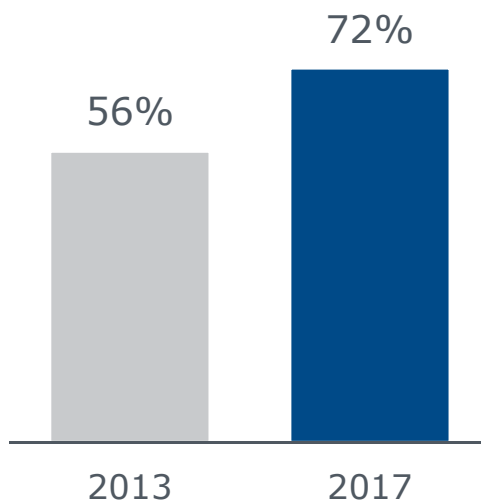
75%

of fully online students in 2016 visited campus at least once per year while enrolled

2 Underestimate Competition

"Faculty tend to only look at the two other Kansas research universities as competitors, but they aren't our primary competition in the AWP[1] market. Local community colleges, privates, and publics in nearby states offering similar programs pose bigger threats."

*Rick Muma
SAVP for Academic Affairs and Strategic Enrollment Management, Wichita State University*

3 Overestimate Reputation

"Given Brown's reputation, we historically were able to attract enough students to any program we launched. Today, that's not always the case."

*Karen Sibley
VP for Strategic Initiatives
Brown University*

1) Adult and working professional.

EAB Resource Equips Finance to Pressure-Test Initial Projections

Market Demand Validation Checklist (cont.)

Section 1: Labor Market Demand

Labor market data refers to information about employment trends in a given market (e.g., city, region, industry). It offers insight into the hiring needs of employers within that market. Labor market data typically takes two forms, structural and real-time.

- **Structural** labor market data sources rely on surveys and other instruments that collect data periodically. Organizations that provide structural data include the Bureau of Labor Statistics, Statistics Canada, state or provincial departments of labor, and industry associations.

- **Real-time** labor market data sources use web crawling technology to analyze job postings and other employer hiring data. They provide insights into to current hiring needs in a given market, including total number of job openings, top hiring employers, skills required to fill open positions, and trends by geography. Sources that provide real-time data include Burning Glass Labor Insight and EMSI.

Valuable questions to ask about labor market demand data include the following:

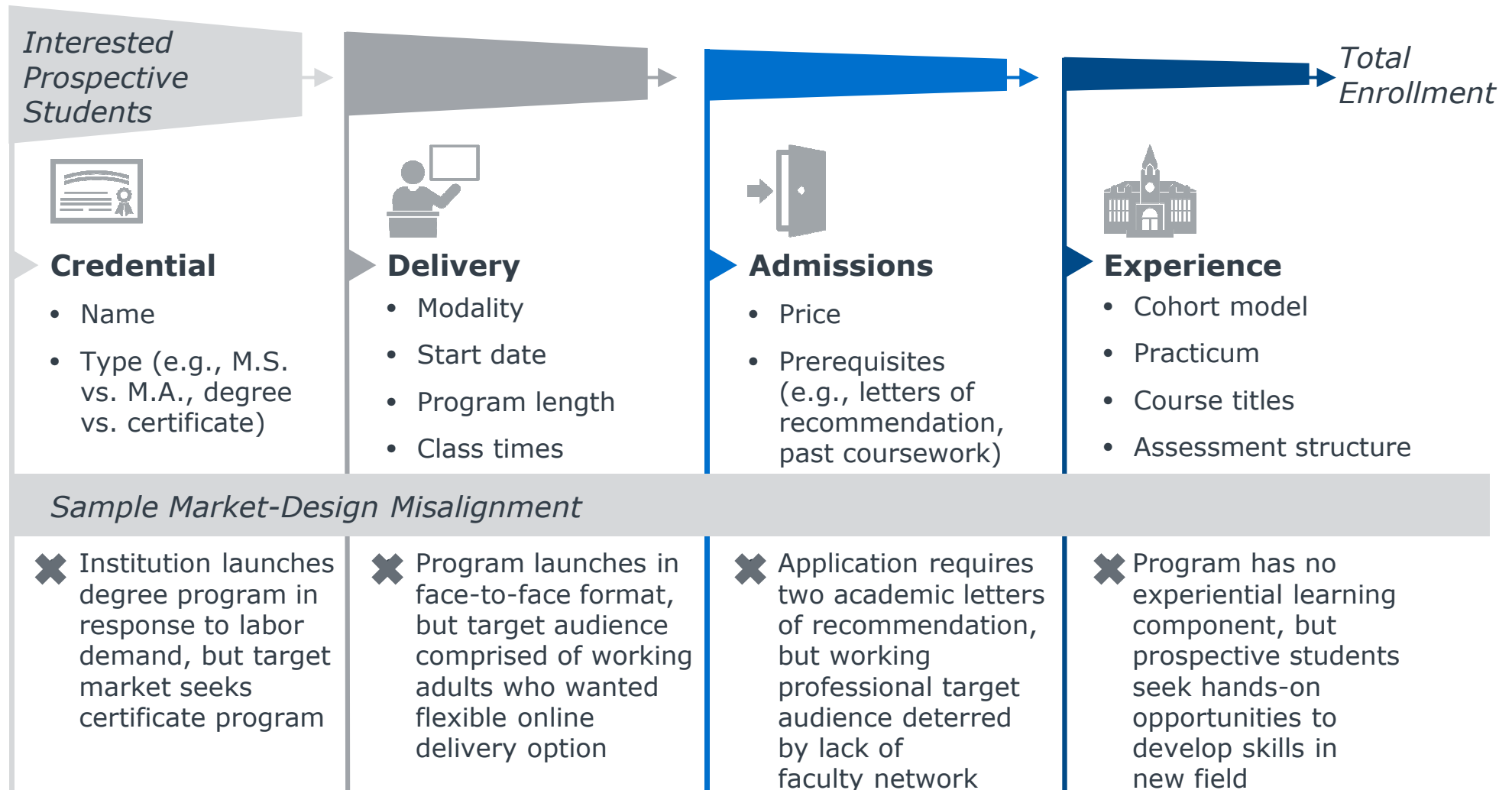| Question	Guidance	Answer
I. Data Preparation		
List all labor market data sources considered when projecting program enrollment.	See page 1 for a list of most common data sources to consider and their relative limitations. Consider multiple sources where possible to improve accuracy of projections.	
Were internal or external stakeholders consulted when evaluating labor demand? Which ones?	Alumni advisory boards, part-time working professional faculty, and local employers can provide valuable feedback on market trends and the accuracy of projections.	
II. Data Sufficiency		
If employer or industry association data was considered, was it independently verified by a neutral third party?	Industry-sourced growth projections can be biased and overly optimistic. Use verified data when possible, or evaluate industry forecasts alongside objective data sources (e.g., governmental).	

Resource in Brief

- Equips senior administrators to "ask the right questions" when vetting market demand projections

- Helps identify data sources necessary to assessing market demand early in the planning process

- Prompts faculty to question assumptions about demand and competition before submitting proposals

Source: EAB interviews and analysis.

Four Types of Market-Design Mismatches Undermine Projections

Representative Enrollment Decision-Making Process of Prospective Students

Interested Prospective Students

Total Enrollment

Credential
- Name
- Type (e.g., M.S. vs. M.A., degree vs. certificate)

Delivery
- Modality
- Start date
- Program length
- Class times

Admissions
- Price
- Prerequisites (e.g., letters of recommendation, past coursework)

Experience
- Cohort model
- Practicum
- Course titles
- Assessment structure

Sample Market-Design Misalignment

✖ Institution launches degree program in response to labor demand, but target market seeks certificate program	✖ Program launches in face-to-face format, but target audience comprised of working adults who wanted flexible online delivery option	✖ Application requires two academic letters of recommendation, but working professional target audience deterred by lack of faculty network	✖ Program has no experiential learning component, but prospective students seek hands-on opportunities to develop skills in new field

Source: EAB interviews and analysis.

What Millennials Want

Institutions Capitalizing on Changing Credential and Delivery Preferences

Emerging Preference	Stackable Certificates	2nd Bachelor's Degrees	Bootcamps
Description	General and specialized certificates that can be combined into full master's degrees	Accelerated undergraduate programs for bachelor's degree holders. Students complete only major, not foundational, coursework	Intensive, face-to-face, non-credit programs that teach specific skills
Millennial Demand Drivers	• Employers limiting tuition reimbursement to programs directly applicable to short-term job functions • Young professionals seeking specialized credentials for long-term career enhancement	• High number of under- and unemployed recent graduates • Greater salary premium for STEM-focused bachelor's compared to liberal arts master's	• Student preference shifting towards intensive, face-to-face learning experiences • For-profit start-ups targeting millennials in bootcamp marketing
Example	**THE GEORGE WASHINGTON UNIVERSITY** WASHINGTON, DC Core landscape design and specialized sustainable landscape certificates can be combined into a MPS[1] in Landscape Design	**Oregon State University** Post-baccalaureate BS in Computer Science requires no prior technical training; offered online in full- and part-time formats	**RUTGERS** Coding bootcamp prepares students for web developer careers in 12 (full-time program) or 24 (part-time program) weeks

1) Master of Professional Studies.

Source: Surden E, "Rutgers Coding Bootcamp, Graduating another Class," *NJ Tech Weekly,* Jul. 26, 2016; The George Washington University, Washington, DC; Oregon State University, Corvallis, OR; Rutgers University, New Brunswick, NJ; EAB interviews and analysis.

Pricing Process Accounts for Competition, Reputation, and Demographics

Northeastern University

College of Professional Studies' Price-Setting Analysis for New Academic Programs

1 Analyze market pricing data to set strawman program tuition rate

Type	Data Source
Credential List Prices	• IPEDS[1] • Competitor websites
Salaries of Related Occupations	• BLS[2] • O*Net
Financial ROI by Degree	• O*Net • Payscale.com

2 Update tuition and enrollment expectations based on competitor pricing data

For every 5% list price exceeds competitor's, assume 0.5% decrease in applicants[3]

For every 1% net price exceeds competitor's, assume 1% decrease in yield[3]
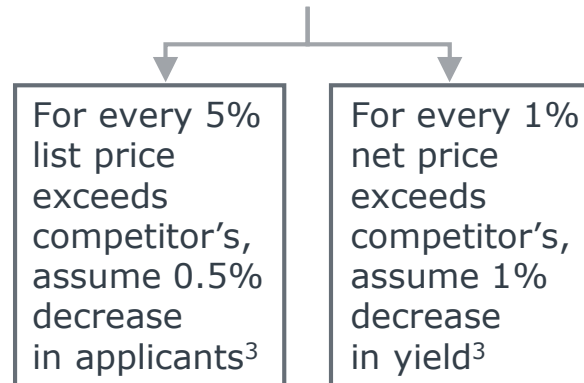
3 Adjust tuition rate to reflect program audience and institutional reputation

Under-represented racial and economic groups more price-sensitive

Strong discipline or brand reputation enhances ability to raise prices
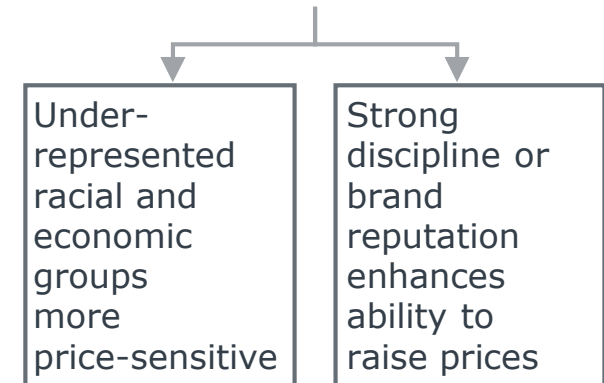
1) Integrated Postsecondary Education Data System (IPEDS).
2) U.S. Bureau of Labor Statistics.
3) If program is priced lower than competitors, assume the opposite effect.

Source: Anastasia M, "Pricing Potential," *Business Officer*, http://www.nacubo.org/Business_Officer_Magazine/Magazine_Archives/June_2015/ Pricing_Potential.html#anchor2, 2015; EAB interviews and analysis.

Programs with Unique Look and Feel Stand Out from the Crowd

Representative Experiential Design Strategies

Institution	Program	Differentiation Strategy
UNIVERSITY of DENVER	Master of Business Administration	Students complete four experiential learning projects to gain hands-on experience in entrepreneurship, corporate strategy, social enterprise, and international business
THE GEORGE WASHINGTON UNIVERSITY WASHINGTON, DC	M.S. in Management of Health Informatics and Analytics	Unusual focus on public health informatics attracts federal government policymakers and civil servants
INDIANA UNIVERSITY	M.S. in Data Science	Silicon Valley-based staff member coaches students through job search and develops relationships with employers in tech industry
TEXAS The University of Texas at Austin	Master of Business Administration	"CleanTech" concentration appeals to students interested in renewable energy careers

Source: The University of Texas at Austin, Austin, TX; The George Washington University, Washington, DC; University of Denver, Denver, CO; Indiana University Bloomington, Bloomington, IN; EAB interviews and analysis.

EAB Checklist Facilitates Market-Driven Design Decisions

Market Alignment Checklist

Section 1: Credential

Description: This checklist helps academic program planners align program design with market demand data. The questions have no right or wrong answers. Instead, the checklist is intended to proactively raise important decisions and spur thinking on program design decisions that may impact enrollment or student outcomes.

Academic and business leaders should use the completed form to evaluate program design decisions and guide further conversations about the optimal program for the target student market.

Section 1: Credential
The following questions relate to the proposed program's type (e.g., B.S., M.A., certificate), name, and accreditation potential.

Valuable questions to ask about credential decisions include the following:

Question	Guidance	Answer
I. Program Development		
Were internal experts consulted when determining what type of credential to offer and what to name the program?	Enrollment management and marketing leaders can provide valuable feedback on market needs. Consulting them early in new program development process helps ensure program design reflects target market's preferences.	
II. Credential		
Does the target student market seek the proposed credential over other potential credentials?	Different student markets seek different types of credentials (e.g., certificate, bachelor's degree, master's degree) to meet their career goals and financial needs. Consult student surveys, frontline enrollment management staff, and competitor program data to understand what type(s) of credential the target market seeks.	

Resource in Brief

- Prepares senior administrators to "ask the right questions" about academic program design decisions

- Encourages faculty to consider market preferences when planning academic programs

Source: EAB interviews and analysis.

Types of Academic Program Costs

	Direct	Indirect	Incremental	Knock-On
Description	• TA stipends • Equipment and supplies • Course releases for program development • Marketing and recruiting	• Facilities • IT • Student Services • Library • Registrar • Bursar • Parking	New academic and administrative demands created by program growth over time	• Unforeseen impact on other programs • New sections of required courses outside of department
Relative Magnitude	High	Moderate	Low	Moderate
Misestimation Risk	Low	High	Moderate	High

Typical Root Causes of Program Expense Misestimates

⚠ Faculty focus primarily on direct instructional costs when preparing pro formas

⚠ Total cost knowledge resides with diverse array of campus stakeholders

⚠ Flat indirect cost rates fail to account for high program costs and service demands of atypical programs

Source: EAB interviews and analysis.

Illustrative Examples of Unanticipated or Underestimated Costs of New Programs

	Janeway University[1]	Ardmore College[1]	Rockaway University[1]	Granger University[1]
New Program	Online master's in finance	Master's in data science	Signature MBA	Bachelor's in pharmaceutical sciences
Missed Costs	Marketing	Facilities	Student services	General education courses
Impact	Prospects enroll in competitor offerings with greater online visibility	Classroom space identified for program use lacks adequate tech infrastructure	Career advisors overwhelmed by increase in requests for services after enrollments hit 200 student target in year 4	New program enrollments exacerbate existing chemistry and physics course bottlenecks
Result	Program misses enrollment targets in year 1	Classrooms require expensive last-minute retrofits	Students frustrated by long wait times and bad decisions due to insufficient career guidance	Program leadership unexpectedly needs to add new sections and adjunct lecturers

1) Pseudonyms.

Source: EAB interviews and analysis.

McMaster Tool Allows Faculty to Rate Relative Impact on Central Services

McMaster University's New Program Financial Planning Tool

2. TECHNOLOGY RESOURCES - *Please contact* **UTS Director, Technology x21888** *for assistance in determining impact if needed.*

Please indicate the likely impact on central technology resources for the proposal	Impact	Are additional resources required to support this program? If so, please list.
UTS Computer Labs and Software	Major	
Network/Internet/Cloud services access &	Minor	
Audio-Visual / Telecommunications	None	
Wireless Connectivity	None	
Other (Please specify)	Minor	

> Straightforward, qualitative scale prompts faculty champion to rate relative impact of proposed program on central services, rather than estimate exact amount

3. LIBRARY SERVICES - *Please contact* **Associate University Librarian, Collections x26557** *for assistance in determining impact if needed.*

Please indicate the likely Library resource implications of the proposal	Impact	Are additional resources required to support this program? If so, please list.
Staffing (Add'l service desk staff, add'l librarians, new staff with skills/knowledge not currently present)	Minor	

> Administrator contact info directs faculty to appropriate experts for cost consultations

To download McMaster University's full new program financial planning tool, please visit the [Academic Program Innovation Center](#) on eab.com

TJU Template Enables Planning for Costs of Program Expansion

Thomas Jefferson University's New Program Cost Calculator

Enter projected number of NEW/admitted students:

	2017	2018	2019	2020
Full-time	8	10	12	14
Part-time	4	8	9	9
Boot	0	1	2	4
Certificate	4	5	6	6
CPS	5	6	7	8
4+1	0	0	0	0
Total NEW	21	30	36	41

Include track-up students **ONLY** when student is CODED as graduate student (i.e., completed undergraduate program).

This row for track-up/4+1 ONLY

Track-up student program credits should **ONLY** include those credits the student takes as a graduate student.

Expected Credit Enrollment per Student in each Semester

Student Type	Total # of Program Credits	2017		2018		
		Summer	Fall	Spring	Summer	Fall
Full-time	36	0	12	12	6	12
Part-time	36	0	6	6	2	6
Boot	12	0	0	0	2	2
Certificate	6	2	0	0	2	0
CPS	4	1	1	1	1	
4+1						

Once track-up students begin taking courses, what is the expected total numbe

Input   Program-Enrollment-Details   Report-Detailed   Report-Summary   Assignments

Faculty, with academic finance, input enrollment growth assumptions across four-year ramp-up period

Comment boxes provide guidance on common faculty problem areas

Spreadsheet automatically populates growth assumptions in 5-year budget summary tab

To download Thomas Jefferson University's full new program cost calculator, please visit the Academic Program Innovation Center at eab.com.

Source: Thomas Jefferson University, Philadelphia, PA; EAB interviews and analysis.

UMBC Tool Promotes Cross-Campus Planning for New Programs

University of Maryland, Baltimore County's New Program Budget Template

REQUIRED COURSES FOR MAJOR OUTSIDE THE HOME DEPARTMENT

Please list all upper division courses *required* for the major that are offered by other departments and the projected enrollment of new students as a result of the proposed program

Course	College	YEAR 1	YEAR 2
Total Outside Required Courses			

INTRODUCTORY AND PREREQUISITE COURSES OUTSIDE THE HOME DEPARTMENT

Please list all introductory and prerequisite courses (BIOL 100, CHEM 101, MATH 100, PSYC 100, SOCY 100, etc.) required for the major that are offered by other departments and the projected enrollment of new students as a result of the proposed program

Course	College	YEAR 1		YEAR 2	
		enrl.	cost	enrl.	cost
1st Year					

Form prompts faculty to list required courses taught outside home department to allow other departments to plan for increased course enrollments

Program champions estimate new enrollments in existing courses across ramp-up period to help departments quantify impact of new program

To download UMBC's full new program budget template, please visit the [Academic Program Innovation Center](#) at eab.com.

Source: University of Maryland, Baltimore County, Baltimore, MD; EAB interviews and analysis.

Upfront Investment in Low-Enrollment Program Yields Ongoing Budget Drains

1 Institution launches culinary program to meet perceived local workforce demand

2 Pro forma financials project program breakeven in year 3 at 1,000 students

3 Leadership invests $26M in building renovations, specialized equipment, and a dozen new faculty

4 Program enrolls 375 students in year 3—more than 60% below target

5 Faculty and student backlash stalls attempts to sunset program to minimize losses

6 Institution stuck with expensive, inflexible fixed resources

On the Politics of Program Closures

"Political resistance makes it very hard to sunset programs. Academic programs are like scepters that can't be taken away from the king."

Director of Strategic Analysis
Public Research University

Source: EAB interviews and analysis.

Demand for Market-Driven Programs Inherently Uncertain

Representative Program Launches at One Institution

Actual vs. Targeted Enrollments (n= 11)

Missed Target	Exceeded Target	Met Exact Target
55%	27%	18%
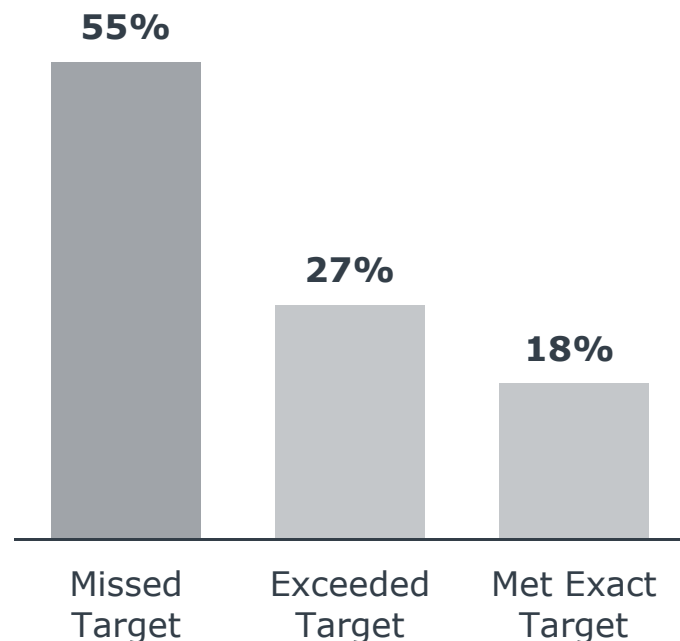
Rarely Going to Get it Exactly Right

"Honestly, it's guesswork. There's no secret formula. We use the information we have to make our best guess of actual program enrollments. Sometimes we're close, but we're rarely spot on."

Director of Adult and Online Education, Comprehensive Public University

Source: EAB interviews and analysis.

American University's Policy Facilitates New Program Closures

Upfront Sunset Provision Process for New Programs

Establish Goals:
Leadership sets short-term financial targets for new program

Evaluate Results:
After three years, leadership evaluates financial results

Secure Faculty Agreement:
Program director agrees to temporary funding, contingent on progress on financial goals

Programs meet targets

Programs miss targets

Mainstream
Academic department receives increase to base operating budget to support program, plus bonus seed money for future launches

Sunset
Academic leadership discontinues funding

Source: American University, Washington, DC; EAB interviews and analysis.

Clear Financial Targets Facilitate Buy-In and Enable Program Closures

Sample New Academic Program Budget Projections

Total Costs (Direct and Indirect)	$377,208
Net Income/(Loss)	$250,692
Income to Direct Expense Ratio	2.09
Anticipated Residual Return to School	$125,346

Income/Expense Ratio

- Most new programs agree to 2:1 I/E[1] ratio targets

- Targets vary based on program type, location, and proportion of direct expenses

- Recurring failure to achieve expected I/E[1] ratio serves as grounds for potential program termination

Benefits of AU's Upfront Sunset Policy

Avoids underperforming programs becoming permanent budget drains

Achieves academic buy-in for program closure decisions

Motivates faculty to continually assess and improve programs

10% of new market-driven programs sunset for weak financial performance

1) Income to direct expense.

Source: American University, Washington, DC; EAB interviews and analysis.

Proven Playbook for Minimizing Upfront Costs of New Programs

Type of Expense	Cost-Minimizing Tactics
Instruction	Identify under-enrolled existing courses to include in new program curriculum to minimize new instructional costs.
	Hire adjunct faculty when appropriate to reduce fixed labor costs. Students in select market-driven professional programs benefit from expertise of practitioner instructors.
	Delay tenure-track faculty hiring until new program proves market demand.
	Leverage existing tenure-track faculty where appropriate to minimize new costs. Legacy faculty's reputations may bolster early enrollments in research-oriented programs.
Administration	Source program directors from existing faculty where possible. Compensating existing faculty through course releases more cost-effective than hiring new.
	Add program administrative responsibilities to existing staff workloads where possible to achieve economies of scale. Some staff motivated by diversified tasks and contributions.
Facilities	Review space utilization data to identify existing space to leverage before building new classrooms, laboratories, or office space.
	Lease new facilities space where possible until new programs prove demand and permanent facilities investment warranted.
Licenses	Review existing library subscriptions and software licenses to identify resources to use rather than entering new contracts.

Source: EAB interviews and analysis.

Underperformance Often Rooted in Common Design and Marketing Mistakes

EAB Program Launch Resources Equally Valuable to Restructuring Efforts

3 **Marketing Rules of Thumb**

2 **Market Demand Validation Checklist**

1 **Market Alignment Checklist**

Market Alignment Checklist

Section 1: Credential

Description: This checklist helps academic program planners align program design with market demand data. The questions have no right or wrong answers. Instead, the checklist is intended to proactively raise important decisions and spur thinking on program design decisions that may impact enrollment or student outcomes.

Academic and business leaders should use the completed form to evaluate program design decisions and guide further conversations about the optimal program for the target student market.

Section 1: Credential
The following questions relate to the proposed program's type (e.g., B.S., M.A., certificate), name, and accreditation potential.

Valuable questions to ask about credential decisions include the following:

Question	Guidance	Answer
I. Program Development		
Were internal experts consulted when determining what type of credential to offer and what to name the program?	Enrollment management and marketing leaders can provide valuable feedback on market needs. Consulting them early in new program development process helps ensure program design reflects target market's preferences.	
II. Credential		

Source: EAB interviews and analysis.

Supporting Faculty Leaders with Program Launch and Revitalization

A Closer Look at Our Resources

Steps to launch new and revitalize existing programs

1 **Analyze existing programs**

- Guidance on Program Assessment
- Revitalizing Stalled Program Performance Toolkit

2 **Understand market trends**

- Market Demand Sizing and Validation Toolkit
- State-by-State Labor Market Demand Profiles

3 **Design new programs**

- Nontraditional Program Design Webinar
- Embedding Demand Validation in Program Development Tools

4 **Estimate the cost of new programs**

- Sample Cost Calculators

5 **Change management**

- Program Strategy Intensive Webinar

Ashley Delamater

Senior Analyst
EAB Strategic Research

adelamater@eab.com
202-266-6552