



# Balancing Budget Demands with the Need for Growth

# Navigating GoToWebinar



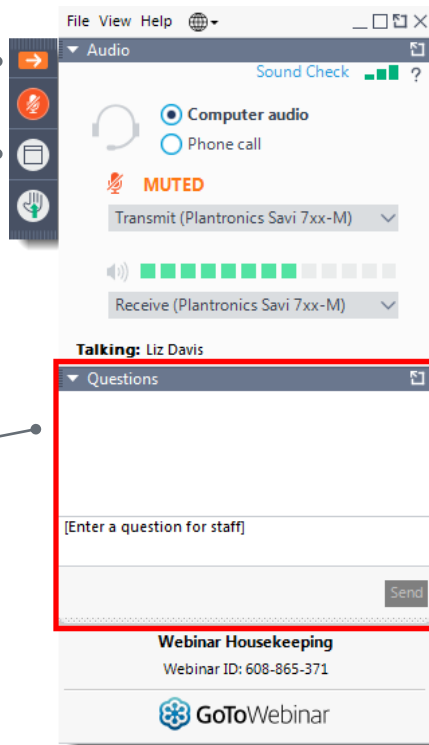
## Basic Logistics

Click the orange button to open or hide the control panel.

Click the gray button with the screen icon to make the presentation full screen.

## To Ask a Question

Enter questions or comments in the question box and click "Send."



# Today's Presenter



**Chetan Rao**  
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The screenshot shows the EAB website's 'Academic Performance Solutions' page. The header includes the EAB logo, navigation links (About, Offerings, Blogs, Events, Careers, Areas of Expertise), a search bar, and a 'Log in now' button. The main content area features the title 'Academic Performance Solutions' and a paragraph explaining that institutional success depends on university leaders taking a strategic approach. Below this is a 'Request a Demo' button. The 'Featured Resources' section includes two articles: 'The 5 biggest instructional cost drivers on campus' and 'Decision support for your departments', each with a 'Read the insight' or 'Download the infographic' link.



Connect with EAB





## ▶ Start with best practices research

- › Research Forums for presidents, provosts, chief business officers, and key academic and administrative leaders
- › At the core of all we do
- › Peer-tested best practices research
- › Answers to the most pressing issues

## ▶ Then hardwire those insights into your organization using our technology & services

### Enrollment Management

Our **Enrollment Services** division provides data-driven undergraduate and graduate solutions that target qualified prospective students; build relationships throughout the search, application, and yield process; and optimize financial aid resources.

### Student Success

Members of the **Student Success Collaborative** use research, consulting, and an enterprise-wide student success management system to help students persist, graduate, and succeed.

### Growth and Academic Operations

Our **Academic Performance Solutions** group partners with university academic and business leaders to help make smart resource trade-offs, improve academic efficiency, and grow academic program revenues.

1.2B+

Student interactions annually

1M+

Individuals on our student success management system

1,200+

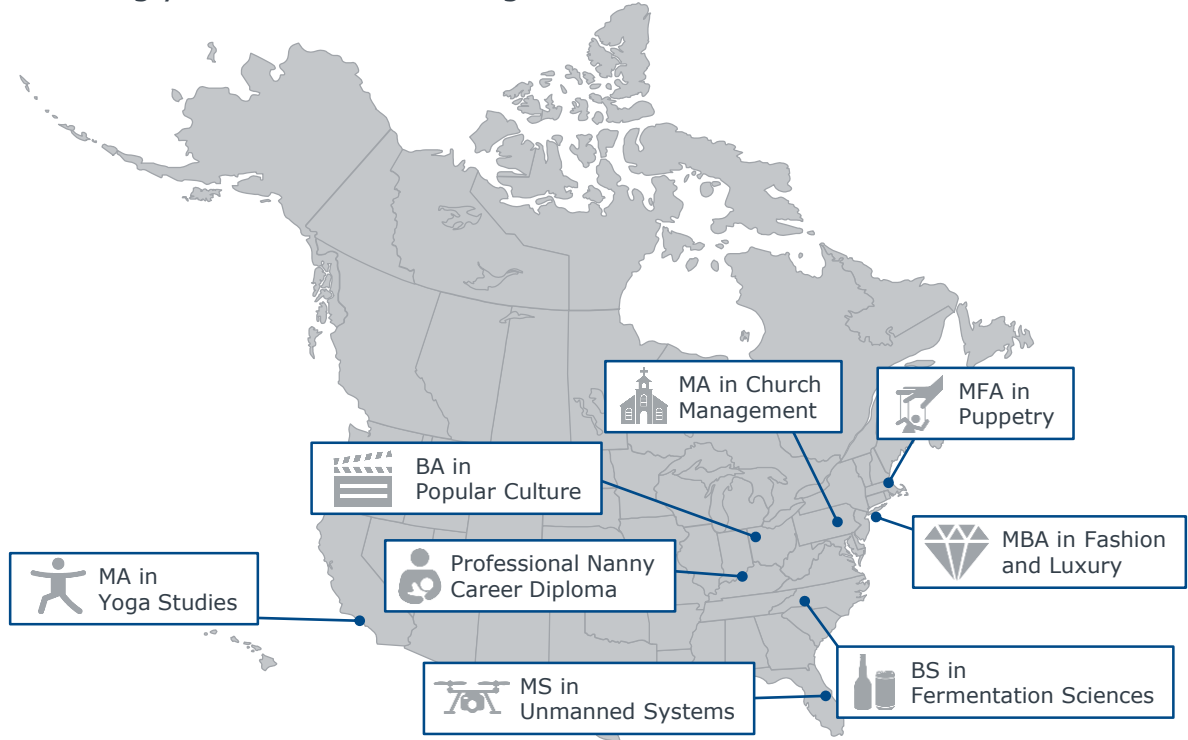
Institutions we are proud to serve

1

Goal: Make education smarter

# It's a Mad, Mad, Mad, Mad World

## Increasingly Unconventional Program Launches in Pursuit of Growth

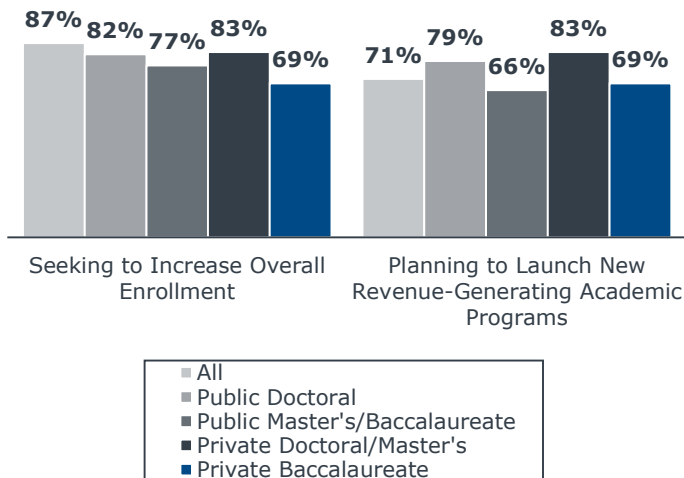


Source: Appalachian State University, Boone, NC; Bowling Green State University, Bowling Green, OH; Embry-Riddle University, Daytona Beach, FL; Loyola Marymount University, Los Angeles, CA; New York University, New York, NY; Sullivan University, Louisville, KY; University of Connecticut, Storrs, CT;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

# Growth the Top Institutional Imperative for Most

Key Focus Across Different Campus Leaders and Segments

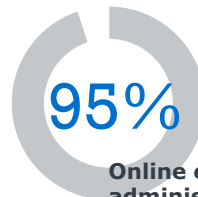
## CBOs with Strong Growth Aspirations<sup>1</sup> by Segment



## Leaders Across Campus Affirm Growth Imperative



**Provosts** agree<sup>1</sup> that financial concerns prevalent in institutional discussions about launching new programs



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

1) Agreeing or strongly agreeing with survey statement.




Source: *Inside Higher Ed*, "The 2016 Inside Higher Ed Survey of College and University Business Officers," July 2016; *Inside Higher Ed*, "2017 Survey of College and University Chief Academic Officers," January 2017; Straumsheim, C., "Signs of a Ceiling in Online Ed Market," *Inside Higher Ed*, May 22, 2017; Business Affairs Forum 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 <sup>1</sup> University launched new specialized master's in education without adequately evaluating demand data	Burr <sup>1</sup> College neglected to account for new facilities costs of proposed science program prior to approval	Mulligan <sup>1</sup> 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; dean struggled to accommodate 3 years of unexpected losses

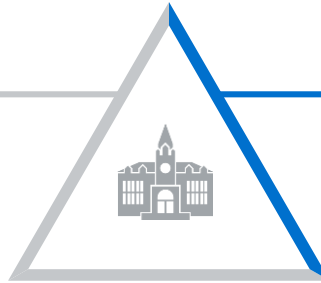
1) Pseudonym.

# A Smarter Approach to Growth



## From “Build-to-Grow”

- New courses
- New programs
- New faculty
- New facilities



## To Smart Growth

- Targeted expansion based on thorough analysis of capacity, costs, and student demands



- ▶ Requires supporting academic leaders with tools and deep dive analytics to enhance business planning



# Start With These Three Questions

1

**Can I manage existing growth without adding unnecessary costs?**

Surface cost-neutral strategies using department-level metrics on class size and faculty workload

2

**What are the growth implications beyond an individual unit?**

Evaluate the externalities via smart analytics that size up impact on other pockets on campus

3

**How can I spur additional growth in a data-informed way?**

Use benchmarks to compare program and enrollment growth against peer institutions to pinpoint new opportunities

# Cost-Neutral Strategies Rarely the First Resort

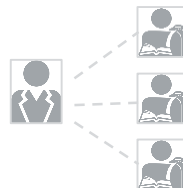
## An All Too Familiar Scenario



History chair notices uptick in undergraduate enrollments; knows anecdotally that faculty feel stretched thin



Submits request for new faculty line in order to satisfy demand



*Chair unaware of abundance of independent studies skewing current faculty workload*

## If You Build It, They May (or May Not) Come



Dean launches new major to attract enrollments to the college

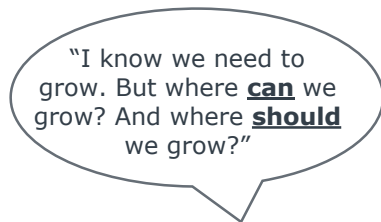


Enrollment figures remain flat; do not grow as anticipated



*Rampant bottlenecks in College of Arts & Sciences stymie desired recruitment targets*

# Craving a More Data-Informed Approach



## Critical Inputs Often Lacking For Next Steps

- Where are our peers experiencing growth where we aren't?
- What offerings do competitors have that we should consider adding?
- What direct, indirect, incremental and knock-on costs can we anticipate?

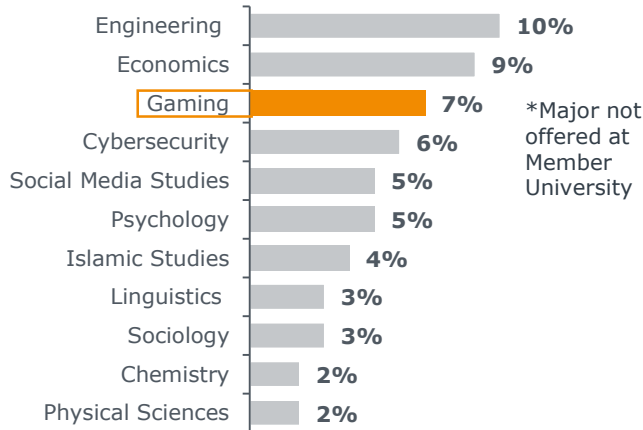
# Leveraging Benchmarks for Smart Growth

## Project New Program Capacity, Expected Revenue Using APS

### Benchmarks Reveal High-Growth Programs

*Undergraduate Major Growth Rates, 2012-2015 (Benchmarks)*

n=12 peer-cohort institutions selected (sample data)



### Projected Resources Required For Gaming Program Launch

20 → 100

Planned Increase in Student Enrollment from 2017-2020

8

Increase in Lower Division Major Courses

6

Increase in Upper Division Elective Courses

4

Increase in Tenured Faculty

2

Increase in Adjunct Faculty

### Direct Contribution Margin of Gaming Launch (Median Benchmarked APS Institution)

$$\text{\$517,600} - \text{\$88.5K} - \text{\$260K} = \text{\$169,100}$$

Approximate Increase in Tuition Revenue

Adjunct Faculty

Tenured Faculty

Net Revenue Increase

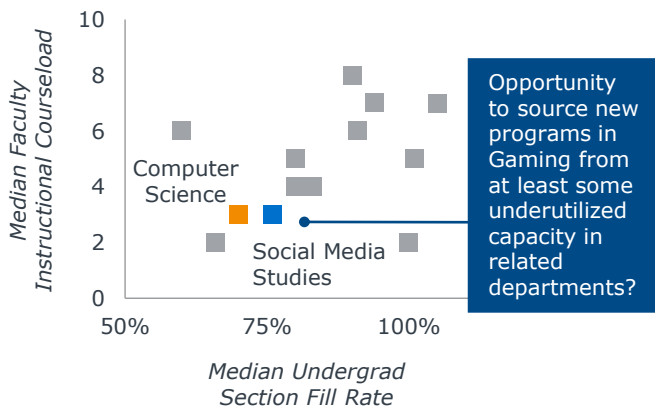
# Using Capacity Metrics to Mitigate Launch Costs



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## Locating Related Underutilized Capacity

*Undergraduate Fill Rates Compared to Faculty Courseloads*



## Deep Dive into Section Capacity Metrics

*Lowest Course Fill Rates in Computer Science and Social Media Studies Departments*

MMC2420	67%	85%
COM1500	75%	85%
COM2500	61%	85%
CAP2403	72%	85%
CAP1027	54%	85%
MMC2430	60%	85%

There is potential for cross-listed courses such as COM2500 (Introduction to Aesthetic Computing) from Computer Science Department and MMC2430 (Digital Communication) from the Social Media Curriculum to satisfy Gaming requirements.

## Increased Direct Contribution Margin for Gaming Launch (Median Benchmarked APS Institution)

$$\text{\$517,600} - \text{\$88.5K} - \text{\$170K} = \text{\$259,100}$$

Approximate Increase  
in Tuition Revenue

Adjunct Faculty

Tenured Faculty

Net Revenue Increase

# Questions?



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