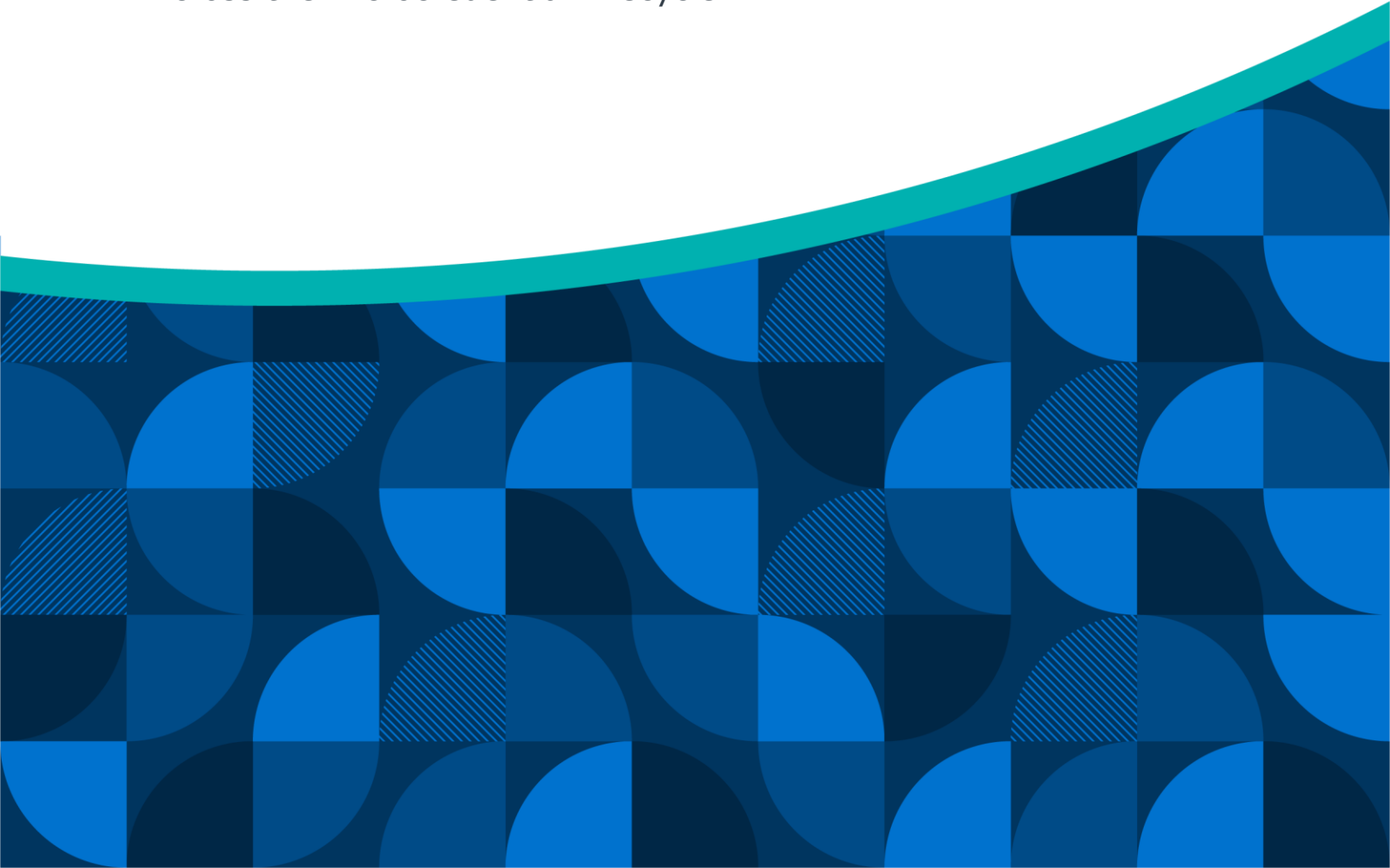




PROFESSIONAL AND ADULT EDUCATION ADVISORY SERVICES

How to Build a Financially Sustainable Microcredential Portfolio

Tactics to Ensure the Viability of New Programs Across the Microcredential Lifecycle



Professional and Adult Education Advisory Services

Project Director

Jennifer Lerner, PhD

Contributing Consultants

Davis Cousar

Michelle DiMenna

McCormick Sinclair, MPP

Lauren Edmonds

Managing Director

Ann Forman Lippens

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Executive Summary

Professional, continuing, and online (PCO) education units have long been a source of growth and innovation for their institutions. Today, microcredentials have taken center stage as a potential growth opportunity for three reasons: leaders believe that shorter format credentials are the future of higher education, their cabinets or boards expect them to build out a microcredential portfolio, or they feel pressure to keep up with other institutions making similar bets.

Before establishing a portfolio of offerings, some PCO leaders first push for a shared definition of microcredentials. In fact, some leaders have argued that the absence of a singular definition is what prevents their institution from making progress. Based on interviews with Canadian and Australian leaders where provincial or national frameworks exist, this is not the case. Those leaders felt their definitions were too broad to be productive references. Furthermore, they encountered the same resistance to growing microcredentials as American institutions do.

Evergreen—and New—Internal Headwinds

In building microcredential programs, PCO leaders face the traditional barriers to academic innovation, such as developing new policies and processes. However, leaders also face new challenges. The most acute challenges are the **higher-than-expected upfront costs and unpredictable revenue**.

\$250K

Approximate cost of launching microcredential portfolio from scratch

\$25K

Approximate cost of “zero-cost” portfolio (e.g., repackaged existing content)

74%

Percent of institutions that “do not know” how much revenue their microcredentials generate

No Such Thing as a Low-Cost, High-Return Microcredential

PCO leaders with more mature microcredential portfolios have found that upfront development and launch costs are often higher than anticipated. For institutions starting from scratch, customizing offerings to labor market needs, and hiring additional staff, the price tag can run as high as \$250,000. Even a “zero-cost” credential strategy—where the PCO unit badges skills (typically at the undergraduate level) and offer most programs as non-credit—costs around \$25,000.

Furthermore, institutions seeking speedy and substantial returns from microcredential investments may struggle to calculate revenue or see low returns. 74% of PCO leaders reported they “do not know” how much revenue their programs earn. For those that do, the median institution generates approximately \$200,000 per year.

Four Tactics to Build a Financially Sustainable Microcredential Portfolio

To account for this risk, institutions must build out foundational practices that can serve as guardrails for microcredentials while also benefiting the PCO unit at large. Leaders must make financial considerations central—and essential—to program launch and evaluation decisions. This report delves into four tactics to build a financially sustainable microcredential portfolio.

- Tactic 1: Nurture Promising Microcredential Ideas
- Tactic 2: Build a Better Microcredential Proposal Form
- Tactic 3: Conduct Independent Assessment of Microcredential Viability
- Tactic 4: Develop and Implement a Microcredential Sunsetting Policy



The Microcredentials Landscape in Higher Education

SECTION



PCO¹ Leaders Join the Microcredentials “Arms Race”

Institutions Eager to Embrace Potential New Revenue Stream

Professional, continuing, and online (PCO) education units have long been a source of growth and innovation for their institutions. Today, microcredentials have taken center stage as a potential growth opportunity. The graphic below illustrates three reasons why PCO leaders are increasingly turning to microcredentials: leaders believe that shorter format credentials are the future of higher education, their cabinets or boards expect them to build out a microcredential portfolio, or they feel pressure to keep up with other institutions making similar bets.

It’s the Future of Higher Education

“The degree is not where it’s at. The future is smaller things that people do over time. It’s a journey of learning.”
-Head of Online, UK University

“Assuming that the traditional bachelor’s degree will still be the initial ticket for work probably won’t hold up outside of the top 50-100 universities.”
-Assistant Vice Chancellor, Large Private University

Leadership Demands It

“The board heard about microcredentials, and the president wants to impress them, so we were suddenly tasked with a big microcredential effort.”
-Dean, Regional College

“Our president’s goals for revenue from microcredentials are lofty and unrealistic. Revenue is the main driver of the microcredential craze.”
-Dean, Selective University

Keeping Up with the Joneses

“The world of higher education is changing, and we don’t want to be left behind. If I don’t do it, then someone else will.”
-Associate Vice Provost, R1 University

“We are in an arms race for microcredentials.”
-Vice Provost, Selective University

Leaders Also Responding to Availability of Funding

\$400K

Size of grant UPCEA received from Walmart in 2023 to support credential innovation



Australian and UK students can use federal loans to pay for microcredential courses

Broader funding opportunities align with this industry focus. For instance, Walmart gave the professional association UPCEA nearly \$400,000 to support “alternative credentials” in higher education. In Australia and the United Kingdom, students can use federal loans to pay for microcredential courses (generally not yet permissible in the United States or Canada).

1) Professional, continuing, and online.

Source: UPCEA, “UPCEA Receives Grant from Walmart to Accelerate Growth of Credential Innovation in Higher Education,” August 21, 2023; EAB interviews and analysis.

What Is a Microcredential?

EAB's Definition Focuses on Three Characteristics

Many entities, from provincial and national governments to professional associations to individual institutions, have articulated their own microcredential definitions, resulting in significant variability rather than consistency. To clarify where this research report focuses, EAB's definition includes just three things. A microcredential is 1) a codified signal of learning that is 2) smaller in size and 3) narrower in focus, i.e., a specific skill or competency.

Note that EAB uses the term "microcredentials" throughout this report even if the profiled institution uses a different term. This signals that the examples throughout meet the criteria outlined below.

EAB's Three Characteristics

A microcredential is...

- 1 ...a credential (i.e., codified signal of learning, not just limited to higher education institutions).
- 2 ...smaller in size; varies by institution (e.g., institutions that have historically offered certificates may not consider them "micro").
- 3 ...narrower in focus, not teaching an entire discipline but focused on a specific skill or competency.



Full Definition:

A microcredential is a **codification** of a package of learning **smaller** than the amount required for a traditional credential and designed around a **specific skill or competency** (rather than an entire body of knowledge).

Some institutions may find this definition too general and push for a more exhaustive exercise to create a shared definition, whether on campus or regionally. In fact, some leaders have argued that the absence of a single definition is what prevents their institution from making progress on offering more. Based on interviews with Canadian and Australian leaders where provincial or national frameworks exist, this is not the case. Those leaders felt their definitions were too broad to be productive references. Furthermore, they encountered the same challenges to growing microcredentials as American institutions do.

Evergreen—and New—Internal Headwinds

Many Stakeholders Implicitly or Explicitly Resistant to Microcredentials

Leaders across the globe encounter familiar and unique headwinds to launching microcredentials. PCO leaders face the traditional barriers to academic innovation, such as developing new policies and processes, educating current and prospective students about new offerings, and academic concerns about cannibalization and marketing efforts.

However, leaders also face new and unique challenges. For instance, microcredentials require leaders to grapple with new technology platforms (e.g., badging software, ecommerce platforms), identify new sources of funding for students, and most critically, identify ways to successfully compete with low- or no-cost alternative providers.

Common Innovation Roadblocks



Barriers Unique to Microcredentials

Challenges facing any academic innovation confront microcredentials...

- Developing new academic policies and processes that align with the new offering
- Educating students about the new offering and how it compares to current programs
- Identifying and successfully reaching new markets
- Responding to faculty concerns and pushback

...but microcredentials also bring their own additional, unique internal challenges.

- Acquiring new tech platforms to support credential issuance, tracking, and/or ecommerce activities
- Finding student support solutions when microcredential offerings are ineligible for federal financial aid
- Competing successfully with credentials offered at low or no cost by alternative providers

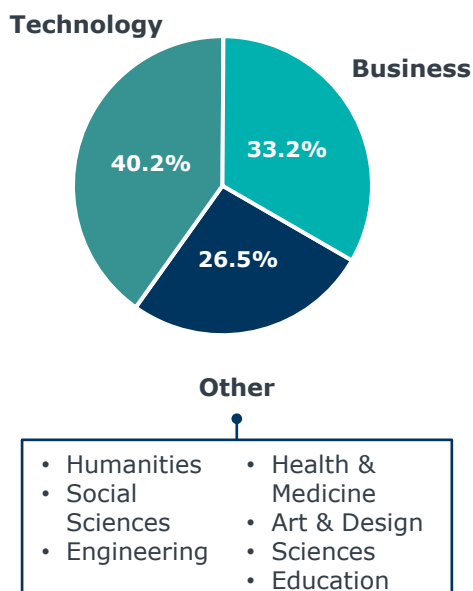
Opportunities in Both Big and Niche Markets

PCO Leaders Must Determine Where to Focus Microcredential Offerings

Given how fierce competition already is in certain fields, PCO leaders must decide whether to offer microcredentials that have large addressable student markets or aim for more niche programming. Ultimately, there is no one right answer for the industry. The pie chart below shows the distribution of microcredentials by subject. 75% of offerings are in technology or business fields, which have larger potential markets.

Nearly 75% of Alt. Credentials Are in Technology or Business

Microcredential Distribution by Subject



Many Ways to Find Your Niche

Consider Region, Special Populations, Unique Topics



Pinpoint Regional Needs

Lethbridge College offers an indigenous policing microcredential in partnership with local police services



Connect With “Celebrity” Instructors

Alverno College offers an environmental education program taught by a “celebrity ecologist” in their region



Target Underserved Groups

Ashland University offers microcredentials to formerly incarcerated people in Ohio through grants funded by the state government.



Align with Professional Requirements

U of Maine offers a \$25 indigenous history microcredential that aligns with continuing ed and pre-service teacher training.

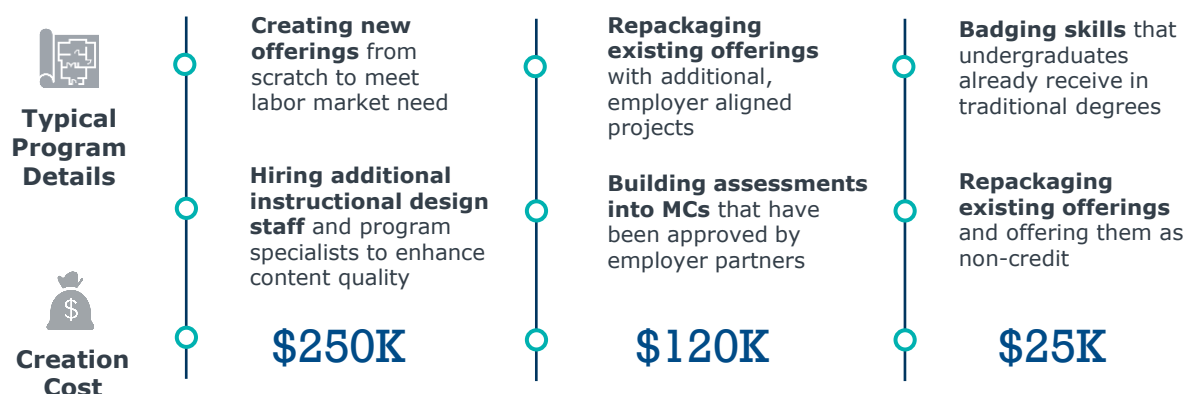
However, some institutions have also found success with more niche offerings. The list on the right highlights four niche offerings. For instance, **Lethbridge College** in Alberta, Canada launched an indigenous policing microcredential in 2023 aimed at current police officers and cadets. The **University of Maine** offers a popular low-cost microcredential on the history of a local indigenous community. The popularity is driven by a requirement that public school elementary teachers educate students about this tribe.

Source: Class Central, “[Massive List of MOOC-Based Microcredentials](#),” Sept. 2022; Alverno College, Milwaukee, WI; Ashland University, Ashland, OH; University of Maine, Orono, ME; Lethbridge College, Lethbridge, AB; “[Lethbridge College to Offer Indigenous Policing Microcredential](#),” Jan. 2023; EAB interviews and analysis.

No Such Thing as a Low-Cost Microcredential

Even “Low-Lift” Microcredentials Are More Expensive Than Anticipated

The next challenge in launching microcredentials is balancing upfront costs with potential revenue. PCO leaders with more mature microcredential portfolios have found that upfront development and launch costs are often higher than anticipated. The graphic below illustrates three price points. For institutions starting from scratch, customizing offerings to labor market needs, and hiring additional staff, the price tag can run as high as \$250,000. PCO units that focus on repackaging existing content and employer partnerships can expect to pay around \$120,000.



Costs Overlooked in the “Zero-Cost Model”

- ✘ Faculty course development cost
- ✘ LMS/SIS infrastructure
- ✘ Marketing cost from staff or third party
- ✘ Post-completion badge issuing
- ✘ Staff proposal processing time
- ✘ Non-credit registration platform
- ✘ Staff time for processing application
- ✘ Market research before launch

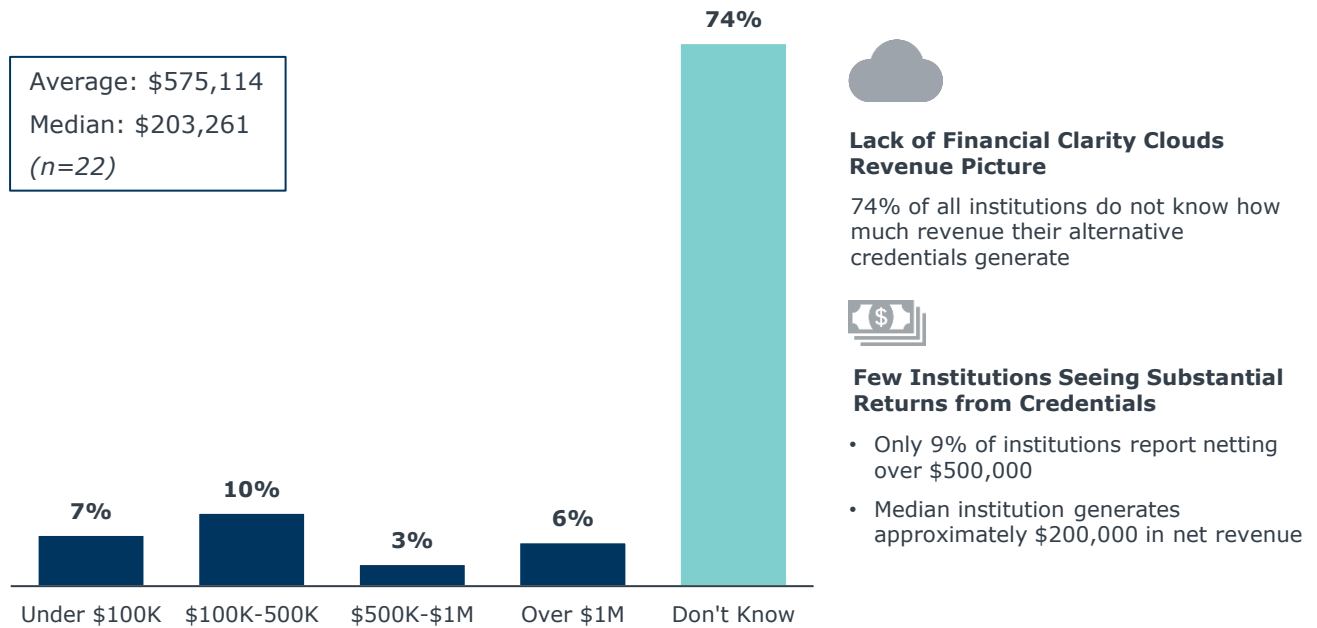
Some PCO leaders set out to build “zero-cost” credentials. In this scenario, PCO units badge skills (typically at the undergraduate level) and offer most programs as non-credit. Even then, between a badging platform and staff time, the cost is around \$25,000. Leaders do not always anticipate the costs outlined in the gray box above, including technology investments, marketing costs, and staff/faculty time.

A Peek Behind the Revenue Curtain

What is more, microcredential revenue is both hard to measure and often lower than desired. The UPCEA data below reveals how much *net* revenue PCO units generate from microcredentials. 74% of PCO leaders reported they “do not know” how much revenue the programs earn. And for those that do, only 9% generate over \$500,000 per year. The median institution sees a return of \$203,261. **Institutions seeking speedy and substantial returns from microcredential investments may struggle to calculate revenue at best or see low returns at worst.**

“For the 2022-2023 academic year, what was the net revenue generated by alternative credentials at your institution?”¹

December 2023 UPCEA Member Survey



Some PCO leaders report that revenue generation is not the goal. Instead, they articulate their institutions are motivated far more by mission than by margin. However, even these leaders concede that their goal is for microcredentials to at least break even and that they cannot afford to “subsidize” their microcredential portfolio in perpetuity.

1) n=86.

Source: UPCEA, “[Alternative Credentials: Business and Program Models](#),” December 2023; EAB interviews and analysis.

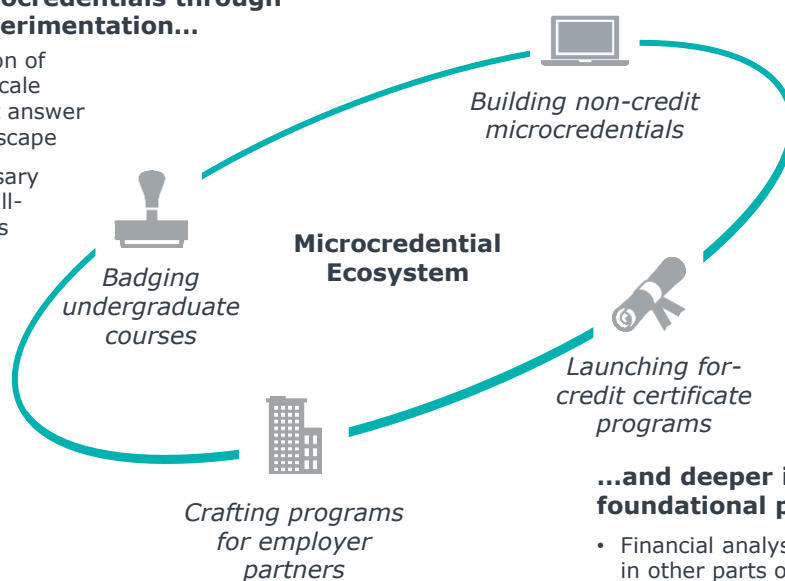
Consider the Microcredential “Ecosystem”

Microcredentials Require Both Experimentation and Deeper Investment

Given the potential for high costs and limited revenue, PCO leaders should proceed with caution when building out their microcredential offerings. Small-scale experiments that require less upfront investment are safer than creating many offerings at once. While the graphic below illustrates the many flavors of microcredentials in the broader ecosystem, small-scale experiments should prioritize one aspect to start.

Embracing microcredentials through small-scale experimentation...

- Higher-risk portion of portfolio; small-scale experiments best answer in uncertain landscape
- Guardrails necessary around even small-scale experiments



...and deeper investment in foundational practices.

- Financial analysis more central than in other parts of portfolio
- Academic policy adjustments necessary to deliver on promise
- Support services and investment in quality required, not optional

To account for this risk, institutions must build out foundational practices that can serve as guardrails for microcredentials while also benefiting the PCO unit at large. Leaders must make financial considerations central—and essential—to program launch and evaluation decisions.

To that end, this report delves into four tactics. These tactics offer insights and case studies on how to build a financially sustainable microcredential portfolio.

- Tactic 1: Nurture Promising Microcredential Ideas
- Tactic 2: Build a Better Microcredential Proposal Form
- Tactic 3: Conduct Independent Assessment of Microcredential Viability
- Tactic 4: Develop and Implement a Microcredential Sunsetting Policy



Four Tactics to Prioritize Financial Analysis in Program Development

SECTION

II

- Tactic 1: Nurture Promising Microcredential Ideas
- Tactic 2: Build a Better Microcredential Proposal Form
- Tactic 3: Conduct Independent Assessment of Microcredential Viability
- Tactic 4: Develop and Implement a Microcredential Sunsetting Policy

Tactic 1

Nurture Promising Microcredential Ideas

Goal

The goal of this tactic is to ensure faculty have the context to recognize financially viable ideas and resources to facilitate a strong proposal.

Intended User(s)

- Head of PCO unit
- Director of microcredentials
- Faculty proposing new microcredentials

Overview

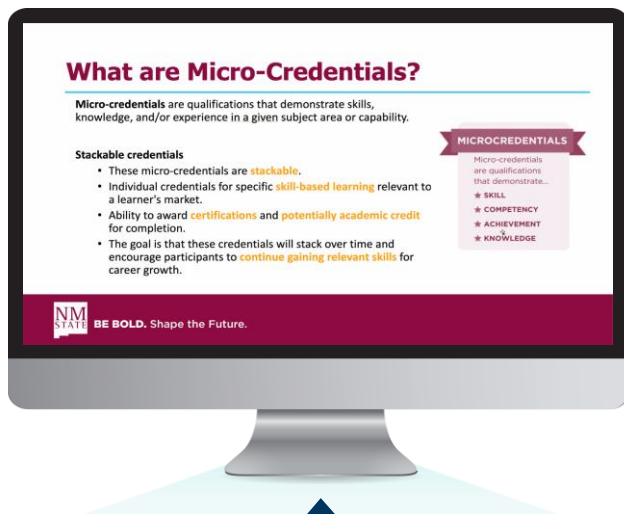
Faculty members are essential to academic innovation, but microcredentials represent a new-in-kind format for many of them. And given the potential to invest more resources than a department or college stands to gain in new revenue, it is critical that PCO units only pursue the most financially viable ideas. This tactic outlines different strategies to educate faculty on microcredentials and then nurture the most promising ideas to development stage.

▶ Electronically access this tactic at eab.com.

Tactic 1: Nurture Promising Microcredential Ideas

New Mexico State's Roadshow Presentation Facilitates Faculty Buy-In

The first tactic is to nurture the most promising microcredential ideas. Faculty and academic leadership often welcome opportunities to expand programming. However, they may not fully understand the goal of microcredential offerings. By socializing faculty to the vision and financial realities of microcredentials, PCO leaders can ensure that faculty with the best ideas know what to do.



Features of NMSU Roadshow

- ✓ Focuses on the **intellectual case for bite-sized learning** for working adults who need upskilling
- ✓ **Reduces faculty fears about cannibalization**; shows how microcredentials can support degrees
- ✓ **Used in presentations to employers** to communicate the benefits of microcredentials and initiate partnership conversations about formal partnership

“Faculty were initially concerned that microcredentials would take over their programs. The roadshows convinced them that microcredentials could actually be used to promote these programs.”

Sherry Kollman, PhD, Chancellor, NMSU Global Campus

New Mexico State University (NMSU) raises awareness by delivering a microcredential roadshow presentation in a variety of faculty settings. This presentation teaches NMSU's definition of a microcredential as well as the science that underpins bite-size learning. This presentation has helped increase faculty awareness of microcredentials, as well as reduced fears of cannibalization.

UTSA Keeps It Simple

Unit Raises Financial Awareness by Socializing Net Revenue Calculation

The **University of Texas at San Antonio's (UTSA)** faculty education focuses on the financial narrative. The Professional and Continuing Education (PaCE) unit shares the net revenue formula below with faculty stakeholders. Beyond increasing faculty understanding, PaCE leaders want faculty to think more strategically about potential ideas and propose the most financially viable ones.

University of Texas at San Antonio's PaCE¹ Unit Net Revenue Calculation



$$\text{Net Revenue} = \text{Gross Revenue} - \text{University CSIF} (14\%^3) - \text{Marketing Fee}$$

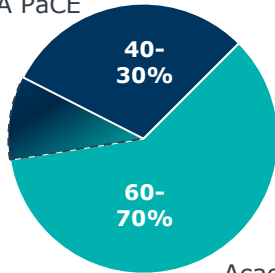
Gross revenue is revenue less development costs and program coordinator costs (if relevant)

University CSIF² goes into a strategic innovation fund

Marketing fee varies but generally starts at 30%³ and decreases by year four

Net Revenue Distribution

UTSA PaCE



Academic Unit

▶ UTSA's PaCE office retains 40% in years one through three...

▶ ...and the academic unit's portion increases from 60% to 70% in year four

UTSA's formula is straightforward by design. It communicates how net revenue is calculated and distributed, with 14% of gross revenue funding a centrally-owned strategic innovation fund. Up to 30% of gross revenue funds marketing efforts. As the pie chart illustrates, the remaining revenue is then distributed between PaCE (40% in years one through three of the program and 30% thereafter) and the academic unit.

For a more detailed look at UTSA's cost and revenue assessment, please turn to page 31.


1) Professional and Continuing Education.
2) Common Strategic Investment Fund.
3) Percentage of gross revenue.

Source: "Money Talks: Using Funding Models to Leverage Partnerships," UPCEA presentation by Melissa Mahan and Edwin Blanton, March 22-24, 2023; University of Texas at San Antonio, San Antonio, TX; EAB interviews and analysis.

Screen Before Nurturing

Toronto's Screening Process Enables Leaders to Support Best Ideas

Another way to protect PCO units from less impactful proposals is to pre-screen ideas. The **University of Toronto School of Continuing Studies** uses the concept brief document outlined below to screen potential programs. Proposers first meet with a PCO program director to pitch an idea verbally. They then fill out the form, which is a truncated version of the full proposal form. Only the strongest ideas proceed to the full proposal document.

Concept Brief Document 

Microcredential Title: _____

Program Concept/Learning Objectives: _____

General Rationale: _____

Description of how the program meets market or learner needs

Target Audience Description: _____

External Support: _____

List of industry associations and/or employers who have endorsed this idea

Competitive Landscape: _____

Peer institutions offering similar program

Strategic Rationale: _____

Details about how the program supports Toronto's overall portfolio

How This Process Works

- 1 Proposer approaches PCO program director with verbal pitch, director provides the concept brief form
- 2 Completion typically takes 1-2 months; Proposer can approach program director with questions at any time
- 3 Form is mandatory and is a truncated version of the full proposal form; each answer should be 1-3 paragraphs

Why This Process Works

- 1 Proposers are prompted to consider and evaluate market demand, but their brief is only one aspect of overall evaluation
- 2 Proposal length balances innovation with financial guardrails; PCO unit does not waste resources conducting detailed evaluations for unpromising proposals

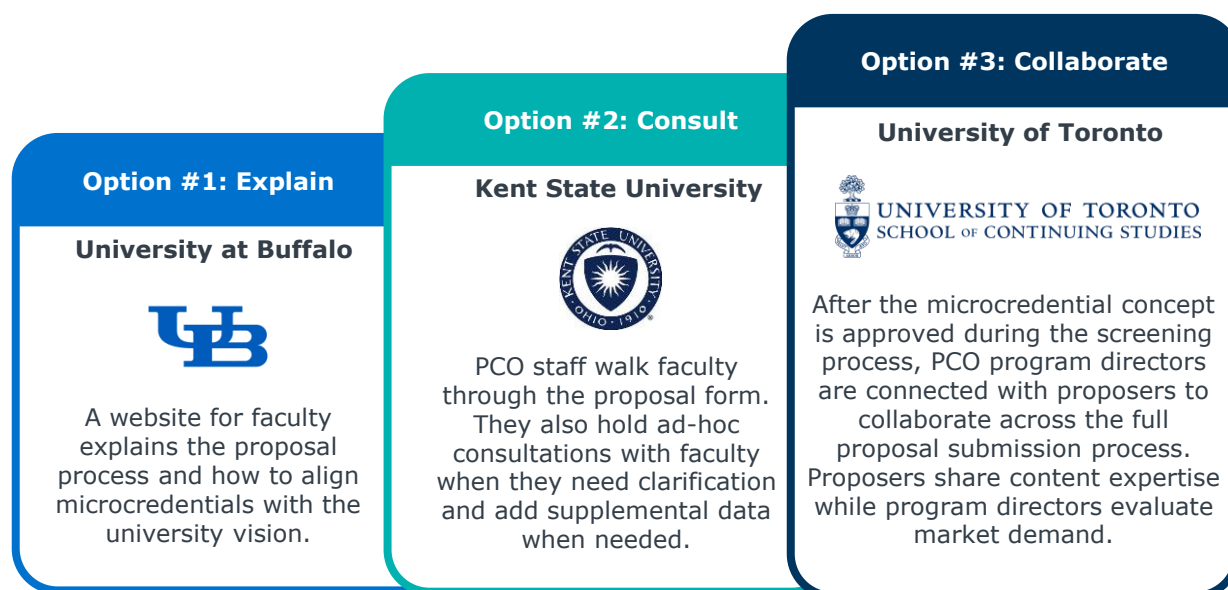
This approach has two benefits. First, it prevents the proposer from over-investing in an idea that will not be greenlit. It also protects the PCO unit from fully evaluating unpromising proposals.

Don't Leave Proposers Hanging

Faculty with strong ideas will still need support in building a compelling program pitch. The graphic below outlines three levels of support to consider. The least resource-intensive idea is to create a self-service resource. The **University at Buffalo** created a robust website where faculty can learn more about the institution's microcredentialed offerings and how to create a strong proposal.

Three Levels of Support for Microcredentialed Proposers

Organized from Least to Most Resource-Intensive



The second idea is to walk all faculty through the proposal form live. **Kent State University** schedules short meetings with faculty members to walk through the form before they complete it. The PCO unit also provides ad-hoc support to answer questions and troubleshoot during the development process. Kent State found that faculty were getting stuck and abandoning their proposals, but a brief run-through of the form in advance enabled more faculty to complete the proposal form expediently.

The most resource-intensive idea is to partner on proposal development. The **University of Toronto School of Continuing Studies** assigns a PCO staff member to pre-screened ideas. Together, the staff member helps the faculty member gather data and craft a strong proposal.

Tactic 2

Build a Better Microcredential Proposal Form

Goal

The goal of this tactic is to direct PCO units to create a robust microcredential proposal form. Leaders can either use this information to update their form or adopt the EAB-created template as-is.

Intended User(s)

- Head of PCO unit
- Director of microcredentials
- Academic deans and program heads
- Faculty proposing new microcredentials

Overview

This tactic outlines three key criteria to include when asking faculty to propose microcredential programs: market demand, competitive intelligence, and cost/revenue projections. This information is critical to understanding the financial viability of a potential program.

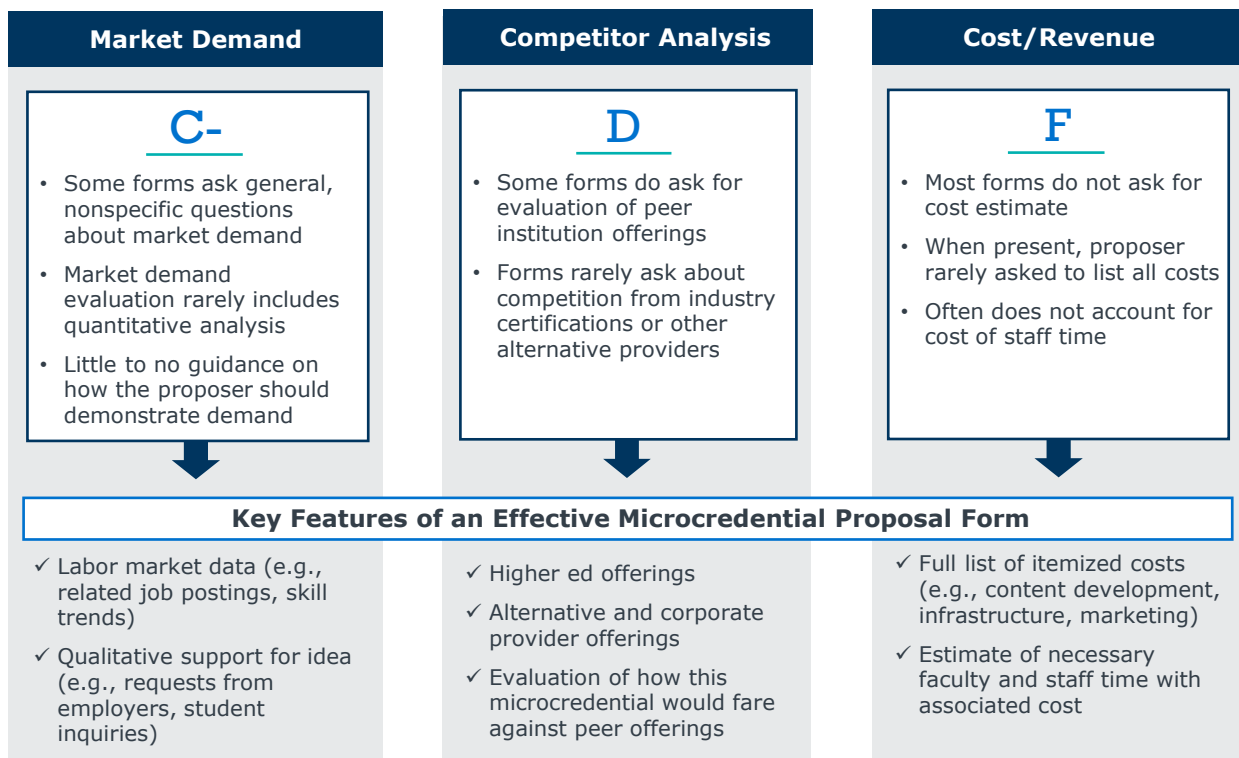
This tactic also includes **Tool 1: Microcredential Proposal Form**. PCO units can adopt this proposal form as-is or use it to update their current form.

▶ Electronically access this tactic at eab.com.

Proposal Forms Insufficiently Screen for Viability

The second tactic is to introduce a better microcredential proposal form so both faculty members and PCO staff members recognize what it takes to launch a strong program. The graphic below illustrates the three categories of information proposal forms require: **market demand**, **competitor analysis**, and **a comprehensive look at cost and revenue**. It also assigns a letter grade to how effectively the industry currently screens for those criteria. In short, current proposal forms do not offer a comprehensive assessment of potential ideas.

EAB's Assessment and Grade of Current Proposal Forms



To address this, EAB has created **Tool 1: Microcredential Proposal Form**, available on the following pages. This tool offers a robust microcredential proposal template with six sections: general information, program description, market demand, competitor analysis, cost and revenue assessment, and broader portfolio considerations. For some sections, faculty may need support from the PCO unit or other source to identify accurate information (e.g., market demand).

PCO leaders should also consider using **Tool 2: Microcredential Evaluation Form** (pg. 32) when evaluating proposals.

Tool 1: Microcredential Proposal Form

For Use by Faculty or Other Microcredential Proposer

I. General Information

1. Date:
2. Proposer Name/Title:
3. Proposer Phone:
4. Proposer Email:
5. Proposer Department:

II. Program Description

1. Microcredential name:
2. What curriculum level is this microcredential designed for?
 undergraduate graduate continuing ed/professional development
3. Modality for delivering this microcredential:
 in-person hybrid synchronous online asynchronous online
4. Time to completion:
 less than one semester one semester two semesters more than two semesters
5. Is this microcredential for credit or non-credit?
6. List the courses or other learning modules that will be included in this microcredential:
7. List the learning objectives associated with this microcredential:
8. Describe key features of how this microcredential will be taught (special projects, type of learning activities, etc.):
9. Which learners are eligible for this microcredential?
 current students only non-students only both current students and non-students

Sources: EAB interviews and analysis.

Tool 1: Microcredential Proposal Form (cont.)

II. Program Description (cont.)

10. What are the admissions requirements for this microcredential (e.g., GPA, course prerequisites, necessary experience or skills)? Explain why these requirements are necessary to ensure student success in the program.

11. Please share a two to three sentence "elevator pitch" description of the microcredential:

Tool 1: Microcredential Proposal Form (cont.)

III. Market Demand

1. What is the target market for this microcredential (e.g., professionals seeking to improve skills in their current role, professionals hoping to change careers):

2. How many prospective students are estimated to be in the target market?

3. Is this program designed to meet specialized external accreditation standards or professional licensure requirements? If yes, please describe. If no, please write N/A.

4. Rate how appealing you expect the microcredential will be to the target market:

Not appealing Somewhat appealing Appealing Very appealing Extremely appealing

5. Supply evidence to support the rating above (e.g., labor market data, qualitative data from students/employers/professional associations):

6. Do any recent changes make this program relevant to the current moment, whether in this academic field or in the industries in which students will work?

Sources: EAB interviews and analysis.

Tool 1: Microcredential Proposal Form (cont.)

IV. Competitor Analysis

1. Is this program or a similar program offered to the target market by any other providers? If yes, please provide the following details about top competitor offerings:

- a. Institution type:
- b. Format:
- c. Length:
- d. Credit/non-credit:
- e. Program reviews (from students or employers):

2. How is your proposed program different from competitor programs already available? Why do your proposed program's features offer a compelling reason for students to choose your program instead of competitor offerings?

Sources: EAB interviews and analysis.

Tool 1: Microcredential Proposal Form (cont.)

V. Cost/Revenue

1. Which of the following items will be required for development and launch of this microcredential? Please provide details on each cost and estimate where possible.

Cost	Estimate	Required? (Y/N)	Details
Content creation by current faculty			e.g., revenue share with faculty creating new microcredential
Content creation by external subject matter expert(s)			e.g., partnership with third party provider, one-time payment to industry expert
Program marketing and recruitment			e.g., initial marketing to prospects
Employer engagement			e.g., employer advisory committee to review curriculum; development of partnership with guaranteed enrollments
Student support services			e.g., career services, job interview preparation
Delivery infrastructure			e.g., Learning Management System
Other:			
Other:			
Other:			

Source: EAB interviews and analysis.

Tool 1: Microcredential Proposal Form (cont.)

VI. Portfolio Considerations

1. How does this program align with or enhance the overall portfolio of offerings at our institution?

2. Does this program stack toward any other offerings? (I.e., can students use this completed credential to advance to other offerings?) Please describe.

3. Does offering this microcredential risk cannibalizing any existing offerings? If so, please describe how both offerings can co-exist without reducing enrollment in the existing offerings.

Tactic 3

Conduct Independent Assessment of Microcredential Viability

Goal

The goal of this tactic is to help PCO staff members review microcredential program proposals and independently assess their financial viability before launching.

Intended User(s)

- Head of PCO unit
- PCO unit staff members
- PCO program director(s)
- Director of microcredentials

Overview

While microcredential proposals are designed to capture significant detail, this tactic directs PCO staff members evaluating potential programs to focus on three essential criteria: market demand for the program, the competitive landscape, and a comprehensive assessment of costs and revenue.

This tactic also includes **Tool 2: Microcredential Evaluation Form**. This form guides PCO staff members through the process of determining the financial viability of a proposed microcredential.

▶ Electronically access this tactic at eab.com.

Independent PCO Assessment Crucial to Success

The third tactic is to conduct an independent assessment of microcredential viability with a particular focus on financial sustainability. Even with a strong proposal form, PCO units must supplement with an independent assessment of the program. This assessment should focus on the same three categories of information: **market demand**, **competitor analysis**, and **an evaluation of cost and revenue**. These elements are foundational to a financially viable program.

Key Elements of PCO Unit Assessment



Market Demand

- Ensures that new offerings are aligned to in-demand skills
- Guards against launching programs only because they excite faculty



The **University of Adelaide** built a new product assessment tool that assigns a score to potential programs based on potential market demand



Competitor Analysis

- Evaluates market to determine where opportunity for innovation exists
- Guards against launch in an oversaturated market



Western University evaluates offerings from peer institutions and alternative providers to find opportunities for new programs that align with their institutional niche



Cost and Revenue

- Projects margin to determine if the offering will be financially viable
- Guards against launching programs without understanding costs



The University of Texas at San Antonio™

UTSA designed their funding formula to account for overlooked costs. They project how costs will change so they know how much revenue to expect over time

This tactic highlights case studies of three institutions that effectively assess these criteria. It also offers PCO units a tool to analyze and assess faculty responses in a microcredential form. For **Tool 2: Microcredential Evaluation Form**, see page 32.

Follow the Money

Adelaide's Market Assessment Tool Prioritizes Viable Programs

The first element to assess is market demand. The **University of Adelaide** conducts an independent assessment using the same web-based form that faculty proposers submit. The visualization below previews one of the prompts. Faculty respond to questions with a numerical response from 1 to 5 and supplement with a narrative response. The form then generates an overall score, with scores over 30 signaling viable ideas and under 20 representing less promising ones. This translates traditionally qualitative inputs into a more objective quantitative assessment.



Programs receive an overall rating that is used to measure viability

- <20=not viable
- 20-30=for consideration, needs additional information
- >30=viable

Web-based tool helps proposer and PCO unit determine financial viability



Form includes assessment of modality, market size, competitors, and possible external funding



Built-in calculations provide initial analysis of proposer-submitted data as part of form completion



Proposer fills out form and PCO unit provides feedback and helps faculty iterate on submission

Adelaide further supplements this assessment by building in calculations that automatically adjust estimated costs and revenue based on enrollment projections. Together, these features help the PCO unit evaluate the proposal.

Size Up The Competition

Competitor Analysis Important for Determining Sustainable Market Share

The second element to assess is the competitive landscape. This is traditionally an under-resourced element as institutions saw reasonable success with most new launches. Today, with a more crowded market and alternative providers (e.g., LinkedIn Learning, Coursera) competing on price, it is critical to understand who potential competitors are before greenlighting a program. The graphic below illustrates a three-step process for a thorough competitor analysis (and explicitly calls out alternative providers as one of the checks).

How To Conduct A Competitor Analysis

- 1 Gauge Competitors and Market Share:**
 - Research regional providers already providing similar programs; visit PCO websites to check who offers microcredentials
 - Consider alternative providers and international competitors
 - Check StatsCan, IPEDS, etc. for degree and certificate completions data
- 2 Assess Competitors' Market Position:**
 - Examine time to completion, flexibility, and affordability/ROI for each competitor
 - Evaluate the content taught to determine if there are gaps against what's in demand that your institution could fill
- 3 Decide to Compete or Pivot:**
 - Determine whether market demand is high enough to warrant another microcredential in this competitive landscape
 - Decide if you can offer a stronger ROI by being faster, more flexible, or cheaper

Case Study



- **Launched a competitor analysis** process in 2023
- Program proposer and Continuing Studies program innovation specialist consider **similar internal alternatives and external competitors**
- Specialist documents **key information on competitors**, including duration, price, maturity, and any reputational information
- Western uses info to determine whether it **can achieve a sustainable market share** for a given program
- When Western decides against launching a program, leaders consider **partnerships for learning pathways** with competitors

Western University is one institution committing to a competitor analysis. This process began in 2023 and revolves around a program innovation specialist from the Continuing Studies unit working with the program proposer to consider both internal and external competitors. Together, they document the duration, price, maturity, and reputation of other programs. This allows Western to determine where a new program stands to compete. It also allows for a more nuanced decision on how to proceed. For instance, the Continuing Studies unit is creating learner pathways with potential partners in cases where it has opted not to launch a microcredential.

UTSA Models Out Program Costs

Formula and Model Increase Faculty Comfort with Revenue Share

The last element is assessing cost and revenue projections. While difficult for some units to assemble, this data is essential to pinpointing when the program will achieve positive margins—a critical consideration for self-funded units. The table below illustrates how **University of Texas at San Antonio (UTSA)** assesses program costs and revenues. The Professional and Continuing Education (PaCE) unit models out different enrollment scenarios (minimum vs. maximum) at different points in time (year one vs. year four).



Program Costs and Revenue Share for Mediator Program¹

	Year 1		Year 4	
	10 (min)	30 (max)	15 (min)	30 (max)
Enrollment				
Gross Revenue ²	\$20,000	\$60,000	\$30,000	\$60,000
Instructor Costs ³	\$4,500	\$4,500	\$4,500	\$4,500
Supplies	\$500	\$1,500	\$500	\$1,500
Coordinator Time	\$2,000	\$2,000	\$2,000	\$2,000
Curriculum Cost	\$3,000	\$3,000	\$0	\$0
Marketing	\$6,000	\$18,000	\$4,500	\$9,000
Net Revenue	\$4,000	\$31,000	\$20,000	\$43,000
University Tax (14%)	\$2,800	\$8,400	\$4,200	\$8,400
Profit/Loss	\$1,200	\$22,600	\$15,800	\$34,600

No curriculum cost because content has been developed

Marketing drops from 30% to 15%

PaCE Takeaway	\$1,200	\$22,600	\$11,060	\$24,220
Partner Takeaway	\$0	\$0	\$4,740	\$6,920

PaCE takes 100% in years 1-3 and 70% starting in year 4

This illustrates how costs and revenue change over time. For instance, this shows how marketing costs will drop from 30% to 15% of gross revenue in year 4. Importantly, the table clearly illustrates the bottom-line revenue, as well as how it is distributed between PaCE and the academic unit. In this case, the Mediator Program is not expected to generate revenue for the academic unit initially but should yield a return by year four.⁴

To support proposal evaluation, EAB has created **Tool 2: Microcredential Evaluation Form**, available on the following pages. This form guides PCO staff members through the process of determining the financial viability of a proposed microcredential.

1) Model based on PaCE-owned IP funding model.
 2) Gross revenue based on course fee of \$2,000.
 3) Includes \$1,500 travel cost and assumes \$75/hr wage for 40-hour in-person course.
 4) Note that UTSA uses different cost/revenue models depending on the type of program, e.g., whether the intellectual property is owned by PaCE vs. academic unit.

Source: "Money Talks: Using Funding Models to Leverage Partnerships," UPCEA presentation by Melissa Mahan and Edwin Blanton, March 22-24, 2023; University of Texas at San Antonio, San Antonio, TX; EAB interviews and analysis.

Tool 2: Microcredential Evaluation Form

For Use by PCO Staff

I. Competitive Landscape Evaluation

1. Provide details about traditional and alternative providers that offer the same microcredential. *(Tip: Evaluate IPEDS degree and certificate completions data to see which institutions offer certificates in the area of interest. Then, check these institutions' websites to see if they offer microcredentials. Google the microcredential to see what alternative providers your prospective students may encounter.)*

Provider	Time to completion	Flexibility	Affordability	ROI data (if available)	Content taught
Example: EAB University	6 weeks	Fully online, asynchronous	\$500	67% of students earned a promotion	One module, one employer-sponsored project

2. Do you believe that your institution can be successful in the current competitive landscape for this microcredential? Explain how you expect your credential to perform compared to competitors on factors like flexibility, speed to completion, curriculum, pricing, and student outcomes.

Sources: EAB interviews and analysis.

Tool 2: Microcredential Evaluation Form (cont.)

II. Evaluate Market Demand

1. Is the proposer description of the target market realistic and accessible for the institution?

2. Is the proposer estimation of the target market size realistic and achievable by the institution?

3. Assess how appealing the microcredential might be to the target market. Does this align or conflict with the proposer's assessment?

Not appealing
 Somewhat appealing
 Appealing
 Very appealing
 Extremely appealing

4. What additional data, beyond what the proposer supplied, can you provide to document market demand for this microcredential (e.g., labor market data, industry association reports, conversations with individual employers)? Does this data support or conflict with the proposal?

5. Use the chart below to create an enrollment estimate for this microcredential (*Note: Generate percentage estimates from evaluation of other microcredential offerings. If your institution does not offer microcredentials yet, use estimates from degree or certificate programs.*)

Size of target market	Percentage of target market likely to submit program inquiry	Percentage of inquiries likely to apply	Percentage of applicants likely to enroll	Estimated enrollment (product of first four columns)
Example: 50,000	5% (of 50,000)	10% (of 2,500)	30% (of 250)	75 learners

Sources: EAB interviews and analysis.

Tool 2: Microcredential Evaluation Form (cont.)

III. Evaluate Cost and Revenue

1. Provide the estimated total cost for each element provided in the faculty proposal. Add any additional costs.

Item	Description	Total Estimated Cost
Example: content creation by current faculty	Staff time for faculty agreement meeting, cost of faculty time, etc.	\$6,000
		Total cost of microcredential:

2. Determine if the microcredential will still be profitable with up to 25% revenue and cost variability. The microcredential should only be launched if the microcredential will be profitable in a "worst-case-scenario" with 75% of expected revenue and 125% of expected costs.

75% Projected Revenue

+

125% Projected Cost

=

"Worst-Case" Margin

Must be **>0** to launch

Sources: EAB interviews and analysis.

Tool 2: Microcredential Evaluation Form (cont.)

IV. Final Assessment

1. Make a final recommendation for whether this microcredential should be offered. If yes, provide a rationale.

Sources: EAB interviews and analysis.

Tactic 4

Develop and Implement a Microcredential Sunsetting Policy

Goal

The goal of this tactic is to guide PCO leaders to establish clear sunsetting policies before investing in a comprehensive (and potentially costly) set of offerings.

Intended User(s)

- Head of PCO unit
- Director of microcredentials

Overview

Higher education regularly launches new programs and offerings but rarely sunsets the less successful ones. Given how tight the profit margin on microcredentials can be (and how quickly market conditions may change), it is essential that institutions establish strong sunsetting policies from the beginning.

Note: Some institutions prefer to talk about pausing (rather than sunsetting) programs. Given the aspiration that bite-sized learning can be more market-responsive than traditional programs, EAB encourages institutions to revisit paused programs as market conditions change.

▶ Electronically access this tactic at eab.com.

Experimentation Riskier Without Sunset Policy

The final tactic is to develop and implement a sunset policy. Microcredentials are still an untested format and many institutions have found that they cost more to develop and offer than the program generates. To account for the inherent uncertainty of microcredentials, institutions must create a system that ensures they can pause struggling or underperforming microcredentials. **Kansas State University's** approach is to grant temporary approval (18 months) for microcredentials. This flips the burden of proof and makes sunseting the default option.

Most Institutions Don't Have Any Sunsetting Policy In Place

64%

Of PCO leaders disagree that their institution has a clear policy for sunseting programs

80%

Believe that when sunseting decisions are made they are haphazard and not grounded in market alignment



Benefits of a Default Sunset Policy

- ▶ Limits PCO unit financial loss from less successful program launches
- ▶ Protects academic units from zombie offerings
- ▶ Addresses concerns of faculty worried that microcredentials are a fad
- ▶ Flips burden of proof for program review; must prove that program is worth continuing instead of worth closing

"We are able to experiment in the microcredential space because of our temporary approval process. We tell faculty we can't know how a microcredential will perform unless we try. A program will be sunset after 18 months if it fails."

*Andrew Bennett, PhD, Faculty Senate Academic Affairs Co-Chair
Kansas State University*

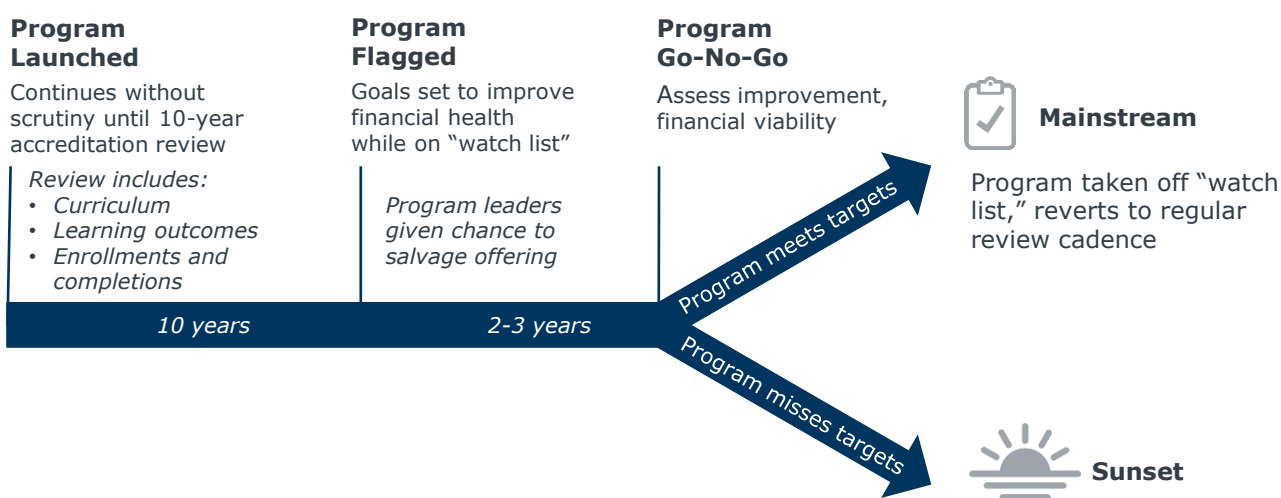
That said, formal sunseting policies are not the norm for PCO units. An UPCEA poll found that 64% of PCO leaders disagree that their institution has a clear sunseting policy. And 80% believe that sunseting decisions are made in a haphazard fashion.

The Sluggish Process of Program Review

Traditional Program Review Process Too Long for Microcredentials

The timeline below illustrates how the normal program review process unfolds. Traditional academic programs are typically reviewed in conjunction with accreditation, meaning they may go up to ten years without a formal assessment. Programs that get flagged are given two to three years to improve. At that point, the program has either improved and is taken off the “watch list” or it is formally sunset.

Traditional Program Review Process



How The Microcredential Review Process Should Differ:

- 1 Compressed review timeline
- 2 Assess “healthy” programs too
- 3 Financial health top priority in review
- 4 Shorter opportunity to improve

The microcredential review process must look different in four ways:

1. **Compressed review timeline** – shorter programs mean multiple cohorts complete a microcredential before a traditional program graduates students.
2. **All programs assessed, even healthy ones** – Given a less predictable and riskier format, microcredentials can quickly swing from “in good standing” to “watch list”.
3. **Financial health the top priority** – With high upfront costs and less predictable demand, leaders must put financial considerations ahead of curricular questions.
4. **Shorter timeframe to demonstrate improvement** – Again, shorter programs mean microcredentials should demonstrate improvement faster than the two- to three-year timeframe.

Don't Stop Believing Reviewing

Microcredentials Need Continuous Review To Prevent Resource Drain

A strong sunseting policy requires PCO units to do two things. The first is to monitor key metrics continuously (and intervene aggressively as needed). Key metrics include information like cost per acquisition and enrollment. For example, **Saint Louis University** monitored its newly launched blockchain and cryptocurrency offering and paused it after only 18 months due to enrollment challenges and shifts in the fintech landscape. (Because the program has not been formally sunset, Saint Louis University can relaunch it as market conditions change.)



Continuously Monitor Key Metrics & Intervene Aggressively

- Identify metrics that indicate program needs emergency review
- Evaluate enrollment levels to determine if they indicate need for revitalization or program pause
- Determine if the reason for low enrollment is content or marketing



Conduct Formal Reviews More Frequently

- Conduct program reviews every 18 months to two years. Focus of review should be market performance
- Assess financial health, total number of web inquiries, and enrollment projections
- Compare pre-launch projections to early data points to inform sunseting decision



Saint Louis University monitors microcredential performance constantly. They launched a blockchain and cryptocurrency offering and paused it after 18 months due to enrollment challenges and shifts in fintech landscape.



The University of Melbourne built a two-part review process with financial review every 18 months (to support sunseting decisions) and academic and student experience reviews on a separate cadence.

The second component of a strong sunseting policy is conducting formal reviews every 18 to 24 months. These should focus primarily on financial performance: costs vs. revenue, number of inquiries (as a partial measure of enrollment pipeline), and any other enrollment projections. Leaders should compare enrollment trends to pre-launch projections to inform possible program changes.

The **University of Melbourne** developed a two-part review process to help foreground this market analysis. They conduct a market analysis every 18 months to assess financial performance. Separately, they complete a curricular review every two years. This targeted approach enables them to assemble the right people and focus on more targeted aspects of program health.

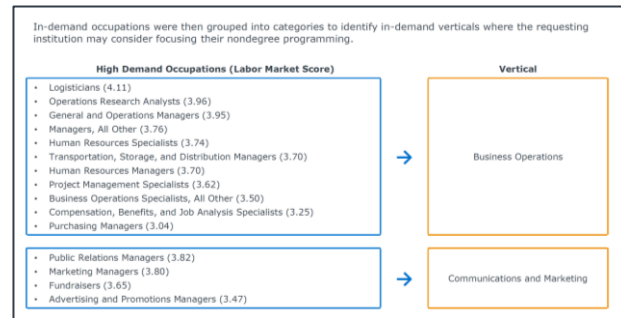
Use EAB's Market Insights for Microcredentials

Service Can Guide Partners to Promising Content

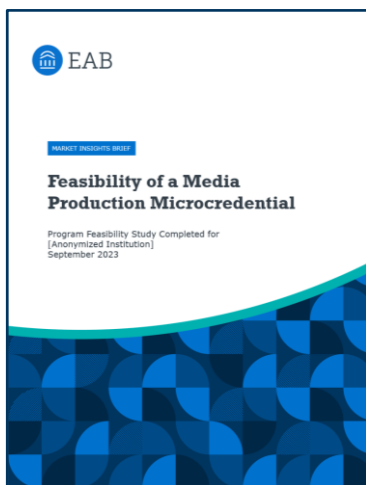
EAB's [Market Insights service](#), which is available to partners with either a Professional and Adult Education Advisory Services partnership or a comprehensive Strategic Advisory Services partnership, generates market demand data that can inform microcredential ideas. There are two ways to glean insights on microcredentials.

Option 1: Identification of Promising Occupational "Verticals" and Corresponding Skills

Market Insights can complete a two-part microcredential analysis. *Part 1* analyzes labor market data to identify which occupations have the greatest potential if served (i.e., historic volume and growth in demand and future projected employment). We then categorize those occupations into verticals, grouping them based on similarities (e.g., business operations, social services, hospitality) rather than limiting the categories to traditional industries or occupational groups.



In *Part 2*, a partner first selects which verticals are of most interest. Then Market Insights researchers investigate which skills have the most value within high-demand occupations. These skills represent ones with consistently high demand in a given vertical, as well as ones that emerged more recently. These skills should inform which microcredentials an institution develops.



Option 2: Single Program Analysis for Microcredentials

Market Insights can adapt its *Program Feasibility Study* or *360° Program Assessment* reports to the microcredential space. Because conferral data is more limited for microcredentials than traditional degrees, our methodology focuses on employer demand for relevant skillsets within your service area. This evaluation can be completed pre-launch to screen for viability or used to evaluate an existing microcredential for areas of improvement.

Interested in receiving your **microcredentials-focused** Market Insights report?
Contact your **Strategic Leader** today!



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