

Financial Planning Guidelines for New Academic Programs

This document is intended to assist faculty and academic department staff with the development of new academic program proposals grounded in evidence that demonstrates potential for a successful and sustainable program through an academic, a financial and an operational lens.

New programs and degrees represent a significant commitment by those involved in their development. The proposal, review and approval processes are structured to reflect that same level of commitment by the university in the development of programs and degrees that represent the mission and future of CU Boulder and our students.

Contents

Overview	1
Intent Stage	2
Structure of Academic Program	2
Other Considerations.....	3
Market Analysis for the Academic Program	3
Workforce (or Labor Market) Demand	4
Expense Considerations.....	4
Proposal Stage	5
Formal Market and Workforce Analysis.....	5
Projecting Revenue	5
Projecting Costs or Expenses	5
Guide to the Budget Template.....	6
Contact	7
Additional Resources.....	7

Overview

- Intent Stage
 - Department prepares and submits intent form in the curriculum inventory management system (CIM), with the following required financial items included:
 - Structure of academic program
 - Market analysis for the academic program
 - Workforce (or labor market) demand
 - Expenses considerations
 - Review and approval by unit Dean Office and Provost Office.
 - Additional approvals may be required depending on the program.
- Proposal Stage
 - Office of Data Analysis performs market analysis including enrollment projections.
 - Offices of the Provost and Budget & Fiscal Planning work with enrollment projections to create revenue estimates.

- Department prepares and submits expense budget, using budget template, to the Offices of the Provost and Budget & Fiscal Planning for review and approval.
 - Additional approvals may be required depending on the program.
- Final budget approval required from Dean's Office, Provost's Office, CFO and EVP for Academic Resource Management.
- Department prepares and submits full proposal in CIM, required financial items below:
 - Office of Data Analysis market analysis
 - Approved budget

Intent Stage

In your submission, you'll need to include a summary of new program structure, initial expense considerations, informal market analysis and supporting documentation related to the new program's anticipated student and industry demand.

The financial planning guidelines are designed to assist you during the intent stage in starting to consider how your program will be structured and what expenses your program may encounter. **A formal budget estimate is not required until the Office of Data Analytics has completed a formal market analysis during the proposal stage.**

Please note that subplans do not require a budget estimate at any stage. CU Boulder does not attribute revenue at the campus level to program subplans. As the revenue would all be within an existing degree, the associated financial impacts would need to be handled at the college level.

Structure of Academic Program

The information gathered while researching potential student and industry demand will help inform how many students will enroll, how many credit hours (on average) students will take each year, how many courses will be offered each term, whether summer course work be offered to students, as well as the length of time students will take to complete the degree. These aspects will help inform the expenses and possible revenues associated with a new or modified degree or certificate which will be the basis of the budget that the host college or school will develop for the degree/certificate approval process.

Consider the expectations, desires and experiences of students when planning for the resources necessary to support the structure of a degree or certificate. For example, if students who enroll in the proposed program are likely to continue to work full- or part-time, that should be taken into consideration when designing the degree. To effectively plan for the resources necessary to support a degree or certificate program, the following items should be clearly articulated in the degree or certificate intent form and should take into account any and all accreditation and state authorization standards and rules as well as institutional and campus policies:

- Number of credit hours required for credential completion
- Number of required courses and number of elective courses
- Number of courses that currently exist
- Number of courses to be developed
- Time to degree for both full- and part-time students
- Delivery mode (in-person, online or hybrid)
- Number and rank of required instructional employees (T/TT faculty, instructors, lecturers, teaching assistants)
- Number of courses taught by each instructional employee annually
- Expected annual attrition rate
- Expected graduation rate
- Number of admissions cycles per year (i.e., will students be admitted once per year in August or will there also be a January and a May admissions cycle?)

After submitting the intent form, your Dean's Office will reach out to the [Offices of the Provost and Budget & Fiscal Planning](#) to start the financial process.

Other Considerations

If there are collaborative or interdisciplinary partnerships involved in offering this program across departments, campuses or institutions, ensure that support for the collaborative partnership is documented. Ensure that the structure of the degree or certificate is well understood by all of those involved and that all deans from participating units have provided written support and approval.

If the degree or certificate will be offered online (at a distance) to citizens of foreign countries, proposers should ensure that CU Boulder remains in compliance with all trade embargoes and sanctions that prevent the offering of degrees in some countries. Additionally, proposers should be aware that some countries do not recognize degrees earned online as legitimate degrees within that country.

Market Analysis for the Academic Program

The intent proposal requires an informal market analysis of the new program. Assessing the competitive environment and determining student demand for the proposed program is a crucial component of the ideation and planning process.

When completing an intent form for a degree or certificate, take time to research similar offerings at comparable [peer institutions](#) of higher education and make note of similar offerings at public and private institutions operating within the state of Colorado. Do not forget to consider CU Boulder's current offerings as well as offerings at CU's other campuses to prevent duplication within the University.

Include the following items in the assessment of the competitive market:

- Number of institutions offering the degree/certificate (or a similar degree/certificate)
- Tuition rate charged by competitors (either per credit rate or total tuition cost for the degree)
- Number of students enrolled at competitors over the previous five years along with the number of degrees conferred over the previous five years.

Next, estimate the number of students who will participate in the degree or certificate at CU Boulder on a full-time and part-time basis. The most common metric for estimating the number of students expected to matriculate into a program is fall headcount. CU Boulder uses fall headcount to estimate the number of students in programs because this ensures each student is only counted once on an annual basis.

Enrollment can also be measured as full-time equivalent (FTE) students. FTE is a calculation showing how many students would be attending during a one-year period if all were enrolled full time. The FTE calculation is based on the sum of credits carried, or anticipated, by all students enrolled in classes in a particular program during the designated one-year period, divided by the number of credits in a full-time load. Under Colorado Commission on Higher Education guidelines, a full-time load for undergraduate students is 30 and a full-time load for graduate students is 24.

Developing an estimation will require an assessment of the overall number of students who are interested in the degree or discipline, and the proportion of those students who will choose to attend CU Boulder over other competitors, in addition to considering how many students CU Boulder will be able to admit to the program based on instructional resources and capacity. Once the initial enrollment and graduation projections are developed, compare those projected full-time and part-time enrollments and graduation rates to overall enrollment patterns and graduation figures for programs of similar size and structure at CU Boulder. These data are available from [CU Boulder's Office of Data Analytics](#). You may also refer to the [National Center of Education Statistics Integrated Postsecondary Education Data System](#). Developing a realistic picture of student enrollments and

resulting degree conferrals (or certificate completions) during the first five years of the degree or certificate is a crucial step in the planning process.

Workforce (or Labor Market) Demand

The intent proposal requires an informal market analysis of the new program including workforce demand. One of the primary reasons students seek credentials from a university is to develop the skills, knowledge and self-confidence necessary to thrive in a professional career field of their choosing. At the undergraduate level, students enroll as first-time or transfer students for several reasons. The top three reasons are a passion for the subject studied, the continuation of learning and development, and the desire to pursue a specific career¹. For returning graduate students, they could be returning to seek a second or advanced degree to progress in their current career field. For others, they may be interested in changing career fields altogether.

When planning a new degree program, consider the availability of jobs students may qualify for after graduation or completion.

- Are employers currently seeking employees with the knowledge and skills taught in your program?
- Is the discipline of your degree or certificate oriented toward a career field or industry that is growing or anticipated to grow?
- What is the anticipated starting salary for a student who earns your degree or certificate?
- What is the possible long-term earning potential for students after graduation?

Some additional resources available for assessing industry demand are:

- U.S. Bureau of Labor Statistics: [Occupational Outlook Handbook](#), [Occupational Employment Statistics](#) and [Employment Projections](#)
- Job websites like [Glassdoor](#), [USAJOBS](#) and [Indeed](#)
- Industry and employer surveys and personal outreach

Expense Considerations

The intent proposal requires initial budget considerations although costs and a formal budget is not required until the full proposal stage. There are a variety of expenses to start considering for a new program. Below is a list of considerations:

- Will there be new course creation?
 - Who would be paid to create the course content?
- How many faculty would be needed to teach the new courses?
 - Will those faculty need to be tenure-track?
- Would the program need administrative support such as a faculty director, program coordinator or advisor?
- Will the program need graduate students on appointment or hourly student workers?
- How will the new program be marketed to students?
- Is the program being offered entirely online or will there be a space requirement?
 - Has the space already been identified, and will any renovations need to be done?
- Equipment needs and one-time startup costs?

¹ Bhardwa, S. (2017, June 6). Why do students go to university and how do they choose which one? *The World University Rankings*. <https://www.timeshighereducation.com/student/news/why-do-students-go-university-and-how-do-they-choose-which-one>

Proposal Stage

Formal Market and Workforce Analysis

After an intent form for a proposed degree is approved, reach out to the [Offices of the Provost and Budget & Fiscal Planning](#) to request that the **Office of Data Analytics, in partnership with the Graduate School (when applicable) conduct a thorough and robust market analysis** using tools procured from [EAB](#) and [EMSI](#). The proposing degree's Dean's Offices should plan to work closely with the team in the Office of Data Analytics (and the Graduate School if planning a graduate-level program) during this process. The results of this formal market analysis will greatly inform the revenue and expense projections for the proposed program.

The student headcount for the market analysis will also account for *baseline enrollment*: students that are considered new to the university and will exclude CU Boulder students who might change majors or who would have otherwise still matriculated to CU Boulder. The Office of Data Analytics will also conduct a thorough analysis of the industry or workforce demand while conducting the market analysis.

Projecting Revenue

Once the formal market and workforce analysis is completed, it is reasonable to begin working with the Offices of the Provost and Budget & Fiscal Planning to estimate revenue projections.

The Office of Budget & Fiscal Planning will use the headcount and baseline enrollment figures from the Office of Data Analytics market analysis to create tuition revenue projections for the degree or certificate. Low (conservative) and high (optimistic) tuition revenue estimates will be finalized by the Office of Budget & Fiscal Planning using methodology developed by the Office of Data Analytics. These tuition estimates will be run through the new incentive-based budget model to project the amount of revenue the school/college can expect.

Projecting Costs or Expenses

While the Offices of the Provost and Budget & Fiscal Planning is preparing the revenue projections, departments should collaborate with their Dean's Office and with the Office of the Provost to develop the program's expense budget. Departments should use the budget template provided by the Provost's Office and Budget & Fiscal Planning. This ensures that the Dean's Office is aware of the financial implications of the proposal and also ensures that departments are submitting realistic and accurate budgets. The Dean's Office will ultimately provide the budget to a new degree or program from their overall budget model allocation each year.

Personnel

The largest expenditure category will likely be instructional employee costs. These personnel costs (including both salary and [benefits](#)) should be projected by referring to the number of instructional employees necessary to support the structure of the degree. Instruction can come from any type of faculty such as tenure-track, clinical, instructors or lecturers. Another faculty position could be a faculty director of the degree or certificate who is paid a stipend or course release to oversee the program.

The next category will be academic staff. Some programs require the addition of advisors, program assistants and other types of administrative staff. Other programs utilize capacity in existing staff positions (this is particularly common with certificates).

Student employees often play a role in degree programs at CU Boulder. Students can be hired on an hourly basis to perform specific administrative duties or as teaching assistants to support faculty. All university, state and federal rules must be followed when hiring student positions. Please refer to the [Student Employment](#) website for information about student hourly appointments or the [Graduate School](#) website for information about, and costs related to, hiring graduate teaching assistants or similar positions.

The budget template provided by the Offices of the Provost and Budget & Fiscal Planning will automatically apply fringe benefits costs; simply enter the projected salary costs by employee type and by fiscal year in the blue cells, and the corresponding fringe benefits costs will auto populate in the white cells below.

Furthermore, the budget template will apply a 3% annual growth/merit assumption to personnel costs. This assumption can be overridden by manually entering salary costs in the blue cells (do not manually override formulas in white cells).

It is not typical to project that all positions necessary for the degree will be hired during the startup year or even in the first year or two of the degree. In fact, most new degree programs add instructional and administrative employees as enrollments grow over the first three to five years. Roles, duties and responsibilities for each position must be clearly outlined during the proposal process. This information will prevent the duplication of efforts, assist with the salary setting and expense projection process, and streamline the drafting of position descriptions once the hiring process commences.

Operating Expenses

Marketing, professional development and travel, software and hardware, office supplies, course development and other expenses costs specific to the degree or department will need to be projected. The most effective way to project these expenses is to reach out to folks in comparable departments at CU Boulder with similar academic offerings. The home department/college/school will be responsible for ensuring that all expenses are covered and it is expected that all expenses comply with the university's [Administrative Policy Statement on Propriety of Expenses \(APS 4015\)](#).

Startup Costs

Every degree or certificate will require one-time costs to start. Startup costs should be entered in Year 0 in the budget template.

Consider the space needed and whether the space will need to be renovated. Equipment costs can vary greatly depending on the program and technology already available in space and whether the program will be offered online. Advertising and marketing are required for all programs to be successful, these costs will be larger during the startup of the program but will need to be factored in throughout the life of the program. Another large cost to consider is the instructional design of the course. Typically, faculty are paid a stipend or course release to work on the instructional design ranging from one semester to an entire year.

Guide to the Budget Template

The Offices of the Provost and Budget & Fiscal Planning have collaborated to create standardized budget templates for new academic program proposals. There is a template for main campus, PMP, CE administered online and Coursera programs.

The Provost's Office and Budget & Fiscal Planning will complete the Inputs tab, which covers basic information about the academic unit and degree type. Once these selections are made, the appropriate blended tuition rate will appear in cell C8. This is the blended tuition rate that is used by CU Boulder's incentive-based budget model.

The department should complete the Template tab. **Please fill in blue cells only.** The white cells contain formulas that should not be manually overridden.

The Template tab is built to accommodate two scenarios for the proposed program: a low (conservative) scenario in columns C–I and a high (optimistic) scenario in columns K–S. Do not enter anything into rows 1–42; this area includes enrollment projections and tuition revenue calculations. The enrollment projections will be entered into the ODA Projections tab by the Office of Budget & Fiscal Planning, feeding automatically into rows 5–13. The

tuition revenue calculations in rows 26–41 will automatically run the projected revenue through CU Boulder’s incentive-based budget model.

In rows 43–72 of the Template tab, please enter projected expenses in the blue cells only. For personnel costs, enter salary only in the blue cells; fringe benefits are automatically calculated by the sheet. Expenses entered in columns C–H (low estimate) will automatically be copied to their corresponding positions in columns M–R (high estimate). These can be overridden by manually entering expenses into the blue cells in columns M–R. Do not manually enter costs directly into the white cells.

The Snapshot tab is completely automated and provides a financial summary of revenue and expenses stemming from both the low and high scenarios. Key metrics are shaded in green. Rows 17–22 provide a comparison between the low and high estimates.

Contact

For more information or questions/inquiries, please contact the Offices of the Provost and Budget & Fiscal Planning at NewProgramBudget@colorado.edu.

Additional Resources

- [Program Proposal Guidelines and Process](#)
- [Program Proposal Timeline](#)
- [Online Program Approval & Administration Rubric](#)