CFO COLLEAGUE
HIGHER EDUCATION FINANCIAL STRATEGY

PROGRAM DEVELOPMENT MODEL

Overview and Use

This document contains instructions for the projection model.
The accompanying Excel file can be found at this link

The Program Development Model is a structured planning and financial analysis tool designed to help an institution evaluate a proposed new academic program before committing significant resources to its development and implementation. Developed with input from a variety of clients, the model is intended to bring the academic, operational, financial, and leadership considerations of a new program together in one place. Its purpose is not simply to determine whether a program can generate revenue, but to help decision-makers understand the full investment required, the assumptions underlying anticipated results, and the people and resources necessary to deliver the program successfully.

The process begins with the Program Support tab, where the individual proposing the program documents its purpose, goals, key functions, and the internal and external demand supporting the proposal. This section establishes the strategic rationale for the program and encourages the proposer to consider questions beyond the financial model, including the program's importance to the institution and the factors that will influence its success.

The financial analysis then builds from three primary areas. The Tuition, Room & Board tab establishes the applicable tuition, fees, room and board, and other student-related revenue assumptions for undergraduate, graduate, and non-traditional students over a five-year period. The Salary & Benefits tab identifies the faculty and staff positions required to operate the program, their anticipated salaries, benefits, and the number of full-time equivalents needed by semester. This allows the model to account for the fact that staffing requirements—and therefore costs—may grow as enrollment develops. Finally, the Revenue and Expense Summary combines enrollment assumptions, tuition and fee revenue, financial aid discounts, potential cannibalization of existing enrollment, additional revenue sources, grants, personnel costs, operating expenses, and indirect costs to produce an overall financial picture of the proposed program.

How to Use the Model

The model is designed to require relatively limited data entry. White cells are the primary input cells, while much of the remaining spreadsheet is formula-driven. The recommended process is to first complete the Program Support questions, then work with the appropriate institutional partners—particularly Business Services, Human Resources, Financial Aid, the Provost's Office, and institutional leadership—to establish realistic assumptions for tuition, enrollment, staffing, benefits, discounts, operating costs, and overhead.

Once the assumptions are entered, the model provides a multi-year view of the program's anticipated revenues and expenses. Users should pay particular attention not only to the projected financial return, but also to the assumptions behind that return: How many students are realistically expected to enroll? What will the program actually cost to staff and operate? How much existing enrollment could be displaced? What external funding is available? When will the program reach an acceptable financial position?

Ultimately, the Program Development Model is intended to facilitate a disciplined conversation among the people responsible for proposing, evaluating, funding, and delivering a new program. By requiring the institution to identify both the financial investment and the accountability for achieving expected outcomes, the model helps leadership determine whether a proposed program is strategically justified, operationally achievable, and financially sustainable before moving forward.