Strategic Academic Planning
Roadmap for a Sustainable Program Review

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Meet the Presenter

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- Leads higher education strategy, financial health, & people & culture consulting for Forvis Mazars US
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Agenda

1. Challenges with the program review process

2. What is Strategic Academic Planning?

3. Data for the past, present, & future

4. People & process

5. Getting started

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The Problem

Operating Environment Has Changed

- Budget deficits that are unsustainable

- Enrollment growth is inconsistent, not equally distributed

- Expenses growing through inflation, regulation, & expectations

- Higher ed governance model is unique, makes cost management difficult

Penn State plans to slash $94M from budget, including deep cuts to Commonwealth Campuses

University Of Arizona Faces $177 Million Deficit; Budget Cuts, Layoffs Coming

September College Cuts Include Jobs, Programs and Athletics

Budget Woes Hit Several Big Ten Universities

Another Wave of Campus Cuts

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The "Solution": The Program Review

Purpose

- One-time evaluation of all academic programs

- Usually designed to sunset programs & address budget deficits

- Focus is on reduction of expense through cutting faculty positions for programs that are not profitable

- Effectiveness is mixed

Typically, more tactical than strategic

Challenges

- ***Reactive, not proactive***

- ***Follows the org chart; data gathering & interpretation in silos***

- ***Violates expectations; little technical preparation***

- ***Not vision-driven; not geared toward long-term advantage***

A strategic planning approach addresses these challenges

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Silos, Silos, Silos

- The "typical" program review tends to follow the org chart

- Data-gathering & interpretation happens in silos

- Different motivations & goals for each group

- Each group is focused on a different time point

- Different levels of technical preparation for process

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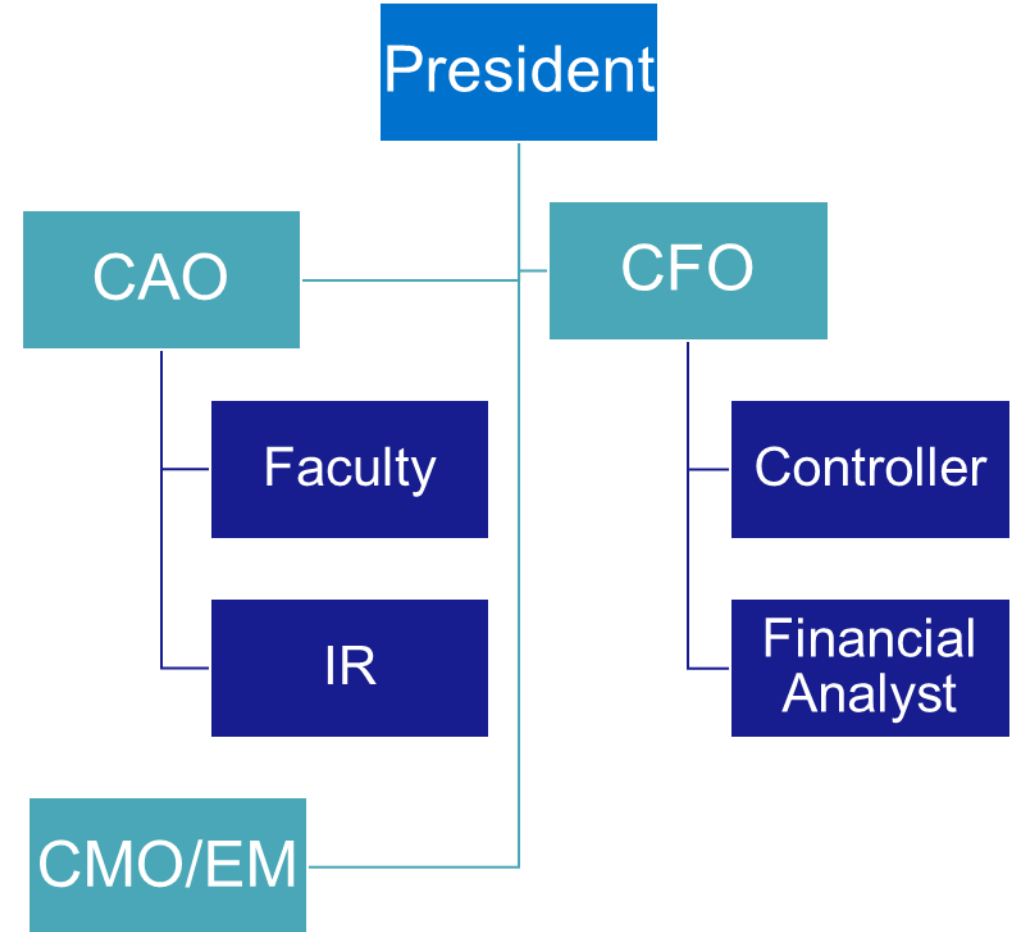
Motivations → Time Points

	Academic Affairs	Finance	Enrollment Management
Motive	Maintain accreditation	Balance the budget+	Identify growth opportunities
Goal	Demonstrate rigor/quality	Identify bloated expenses	Build enrollment/brand
Data Sources	Planned assessments of LOs	GL, financial statements	Market insights/external
Data Gaps	Revenues/expenses	Mission alignment	Resources/feasibility

Past

Present

Future

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Motivations → Outcomes

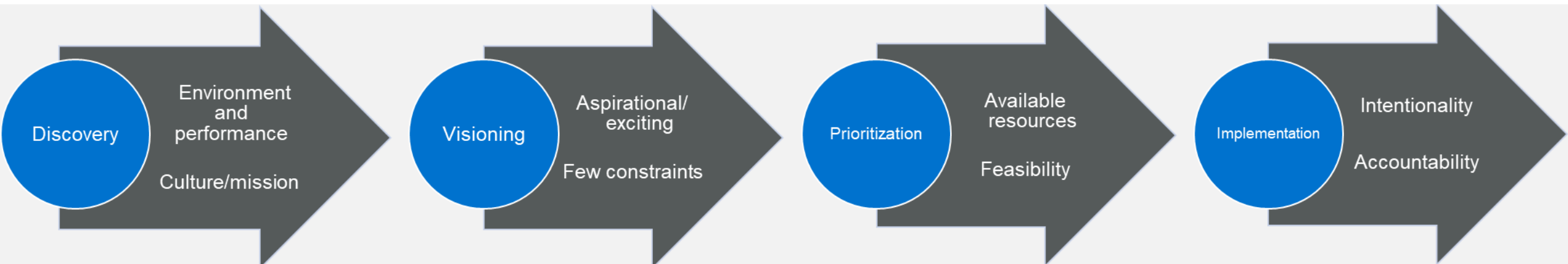|	Academic Affairs	Finance	Enrollment Management
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Data Sources	Planned assessments of LOs	GL, financial statements	Market insights/external
Data Gaps	Revenues/expenses	Mission alignment	Resources/feasibility

Often lack consensus on results/actions

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The Strategic Academic Plan

Applying principles from strategic planning to your academic offerings:

- Requires a *data-driven study* of the past, present, & future of your offerings

- Requires a *vision* for the institution's academic operation

- Requires acknowledgement that survival in a crowded market will require some *long-term advantage*

- Requires *ongoing effort & refresh* on a regular basis, as operating environments change

| Discovery | Environment and performance / Culture/mission | Visioning | Aspirational/exciting / Few constraints | Prioritization | Available resources / Feasibility | Implementation | Intentionality / Accountability |

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Finding the Right Program Data
Past, Present, & Future

Academic

- Student outcomes

- Faculty activities

- Cross-serving programs

- Capacity & bandwidth

Enrollment Management

- Applications & yield

- Applicant demographics & geographic position

- Advisory group & employer input

- Demand; subjective & objective

Economic

- Margins generated by academic programs

- Margin drivers – find a good tool to help you understand the *why*

Institutional

- Alignment with overall goals/vision/strategy
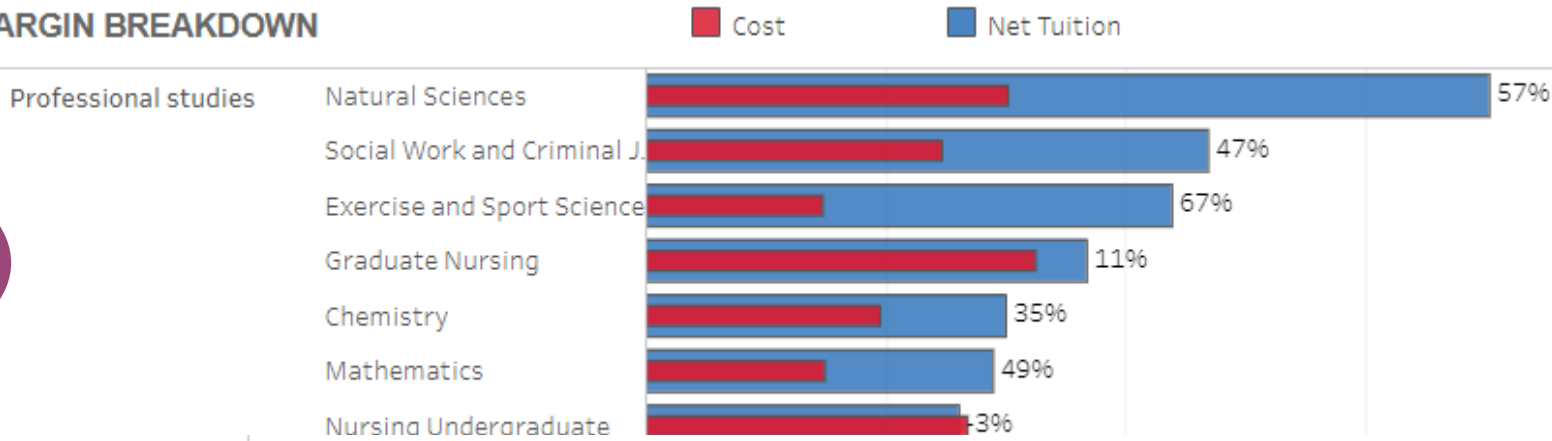
- Alignment with resources

- Giving & alumni engagement

All data points collected at program/department level

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Tip From the Field
Find a Good Tool – Margin Drivers

Program Economic Analysis

MARGIN BREAKDOWN

🟥 Cost   🟦 Net Tuition

Professional studies		Margin %
	Natural Sciences	57%
	Social Work and Criminal J.	47%
	Exercise and Sport Science	67%
	Graduate Nursing	11%
	Chemistry	35%
	Mathematics	49%
	Nursing Undergraduate	-3%

WHAT DROVE MARGIN?

		Net Tuition	Cost	Margin $	Margin %	Avg Class Size	Number of Classes	Faculty %	Release %
Professional studies	Natural Sciences	1,758,162	752,411	1,005,751	57%	18	81	86%	8%
	Social Work and Criminal J.	1,169,334	616,089	553,244	47%	13	54	95%	3%
	Exercise and Sport Science	1,096,141	366,712	729,429	67%	15	60	56%	8%
	Graduate Nursing	918,031	813,538	104,493	11%	12	53	95%	8%
	Chemistry	749,321	488,850	260,471	35%	12	58	94%	4%
	Mathematics	724,205	372,022	352,183	49%	12	40	95%	1%
	Nursing Undergraduate	651,908	671,486	-19,578	-3%	14	38	98%	28%
	Graduate Social Work	18,878	12,703	6,175	33%	6	2	100%	0%

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Finding the Right Program Data
New Programs Matter Too

Academic

- Student outcomes

- Faculty activities

- **Cross-serving programs**

- **Capacity & bandwidth**

Enrollment Management

- Applications & yield

- Applicant demographics & geographic position

- **Advisory group & employer input**

- **Demand; subjective & objective**

Economic

- Margins generated by academic programs

- **Margin drivers – use a good tool to help you understand the *why***

Institutional

- **Alignment with overall goals/vision/strategy**

- **Alignment with resources**

- **Giving & alumni engagement**

Your academic plan should also codify **new program/track launches** based in similar data

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Tip From the Field
Find a Good Tool – Alignment With Resources

Statement of Activities	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Operating Revenue									
Net Tuition & Fees									
Tuition & Fees	,994,544	28,496,983	29,180,659	29,735,682	30,303,968	30,885,834	31,481,609	32,091,627	32,716,232
Tuition Discount	857,744)	(22,672,997)	(23,381,611)	(23,956,437)	(24,545,568)	(25,149,363)	(25,768,191)	(26,402,429)	(27,052,467)
Total Net Tuition & Fees	136,801	5,823,985	5,799,047	5,779,245	5,758,400	5,736,471	5,713,418	5,689,198	5,663,766
Auxiliary Revenue									
Auxiliary Revenue	,422,677	10,422,677	10,422,677	10,422,677	10,422,677	10,422,677	10,422,677	10,422,677	10,422,677
Total Auxiliary Revenue	,422,677	10,422,677	10,422,677	10,422,677	10,422,677	10,422,677	10,422,677	10,422,677	10,422,677
Endowment Income	,148,325	6,034,576	5,968,205	5,903,593	5,840,646	5,778,429	5,716,897	5,656,022	5,595,797
Other Revenue									
Other Revenue	,158,625	1,158,625	1,158,625	1,158,625	1,158,625	1,158,625	1,158,625	1,158,625	1,158,625
Total Other Revenue	,158,625	1,158,625	1,158,625	1,158,625	1,158,625	1,158,625	1,158,625	1,158,625	1,158,625
Gifts	,681,018	5,681,018	5,681,018	5,681,018	5,681,018	5,681,018	5,681,018	5,681,018	5,681,018
Grants and Contracts									
Grants and Contracts	468,002	468,002	468,002	468,002	468,002	468,002	468,002	468,002	468,002
Total Grants and Contracts	468,002	468,002	468,002	468,002	468,002	468,002	468,002	468,002	468,002
Total Operating Revenue	,015,448	29,588,883	29,497,574	29,413,161	29,329,368	29,245,222	29,160,637	29,075,542	28,989,884
Operating Expense									
Compensation									
Salaries	,812,883	16,812,883	16,812,883	16,812,883	16,812,883	16,812,883	16,812,883	16,812,883	16,812,883
Benefits	,315,317	3,381,623	3,449,256	3,518,241	3,588,606	3,660,378	3,733,585	3,808,257	3,884,422
Total Compensation	,128,200	20,194,506	20,262,139	20,331,124	20,401,489	20,473,261	20,546,468	20,621,140	20,697,305
Non-personnel expense									
Non-personnel expense									
Other	,069,966	3,131,365	3,193,992	3,257,872	3,323,030	3,389,490	3,457,280	3,526,426	3,596,954
Meal Plan	,395,211	2,443,115	2,491,977	2,541,817	2,592,653	2,644,506	2,697,396	2,751,344	2,806,371
Operation of Plant	,542,616	1,573,468	1,604,937	1,637,036	1,669,777	1,703,172	1,737,236	1,771,981	1,807,420
Advertisement and promotion	361,818	1,389,054	1,416,835	1,445,172	1,474,075	1,503,557	1,533,628	1,564,300	1,595,586
Utilities	,637,795	1,670,551	1,703,962	1,738,042	1,772,803	1,808,259	1,844,424	1,881,312	1,918,938
Travel & Entertainment	458,533	1,487,704	1,517,458	1,547,807	1,578,763	1,610,339	1,642,545	1,675,396	1,708,904
Supplies & Equipment	,024,816	1,045,312	1,066,219	1,087,543	1,109,294	1,131,480	1,154,109	1,177,191	1,200,735
Software Maintenance and Purchases	513,867	524,144	534,627	545,320	556,226	567,351	578,698	590,272	602,077
Insurance	485,617	495,329	505,236	515,340	525,647	536,160	546,883	557,821	568,977
Consultants	515,000	530,450	546,364	562,754	579,637	597,026	614,937	633,385	652,387
Memberships	149,289	152,275	155,320	158,427	161,595	164,827	168,124	171,486	174,916
Total Non-personnel expense	,154,528	14,442,768	14,736,929	15,037,130	15,343,500	15,656,167	15,975,260	16,300,915	16,633,267
Total Non-personnel expense	,154,528	14,442,768	14,736,929	15,037,130	15,343,500	15,656,167	15,975,260	16,300,915	16,633,267
Depreciation	,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
Interest	,205,061	1,141,061	1,077,061	1,013,061	949,061	885,061	821,061	757,061	693,061
Amortization	-	-	-	-	-	-	-	-	-
Total Operating Expense	,787,789	39,078,336	39,376,128	39,681,315	39,994,050	40,314,489	40,642,790	40,979,116	41,323,634
Operating Surplus (Deficit)	772,341)	(9,489,452)	(9,878,554)	(10,268,154)	(10,664,683)	(11,069,266)	(11,482,153)	(11,903,574)	(12,333,750)
Non Operating									
Non Operating Gifts	,248,572	4,248,572	4,248,572	4,248,572	4,248,572	4,248,572	4,248,572	4,248,572	4,248,572
Gain (Loss)	41,917	41,917	41,917	41,917	41,917	41,917	41,917	41,917	41,917
Other Non Operating Revenue	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Investment Return	-	-	-	-	-	-	-	-	-
Total Non Operating	,290,489	4,290,489	4,290,489	4,290,489	4,290,489	4,290,489	4,290,489	4,290,489	4,290,489
Change in Net Assets	,518,148	(5,198,963)	(5,588,065)	(5,977,665)	(6,374,194)	(6,778,777)	(7,191,664)	(7,613,085)	(8,043,261)

- For new programs, understand the effect on your SoA
  - Compare/contrast with each other

- How long until the program generates net revenue?

- How many students do you need per year to meet that target?

- What is the discount during Years 1-3? 4-6?

- How much capital is required? How much can you afford?

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Using the Data Productively
Past, Present, & Future

- Spend time to operationalize variables **&** agree to those definitions
  - Avoid the temptation to focus only on past success, present state
  - Establish consensus among Cabinet members

- Visualize data in a transparent dashboard or platform
  - (More on this later – data hygiene needs to come first)

- Establish benchmarking policies
  - Trends in performance – understand yourself & where you're headed
  - Trends in the environment – understand where you sit relative to the field

- ***Build a scorecard & track each year – green, yellow, red programs***

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The Strategic Academic Plan
Avoiding Typical Planning Pitfalls

Your Strategic Academic Plan should **<u>not</u>**:

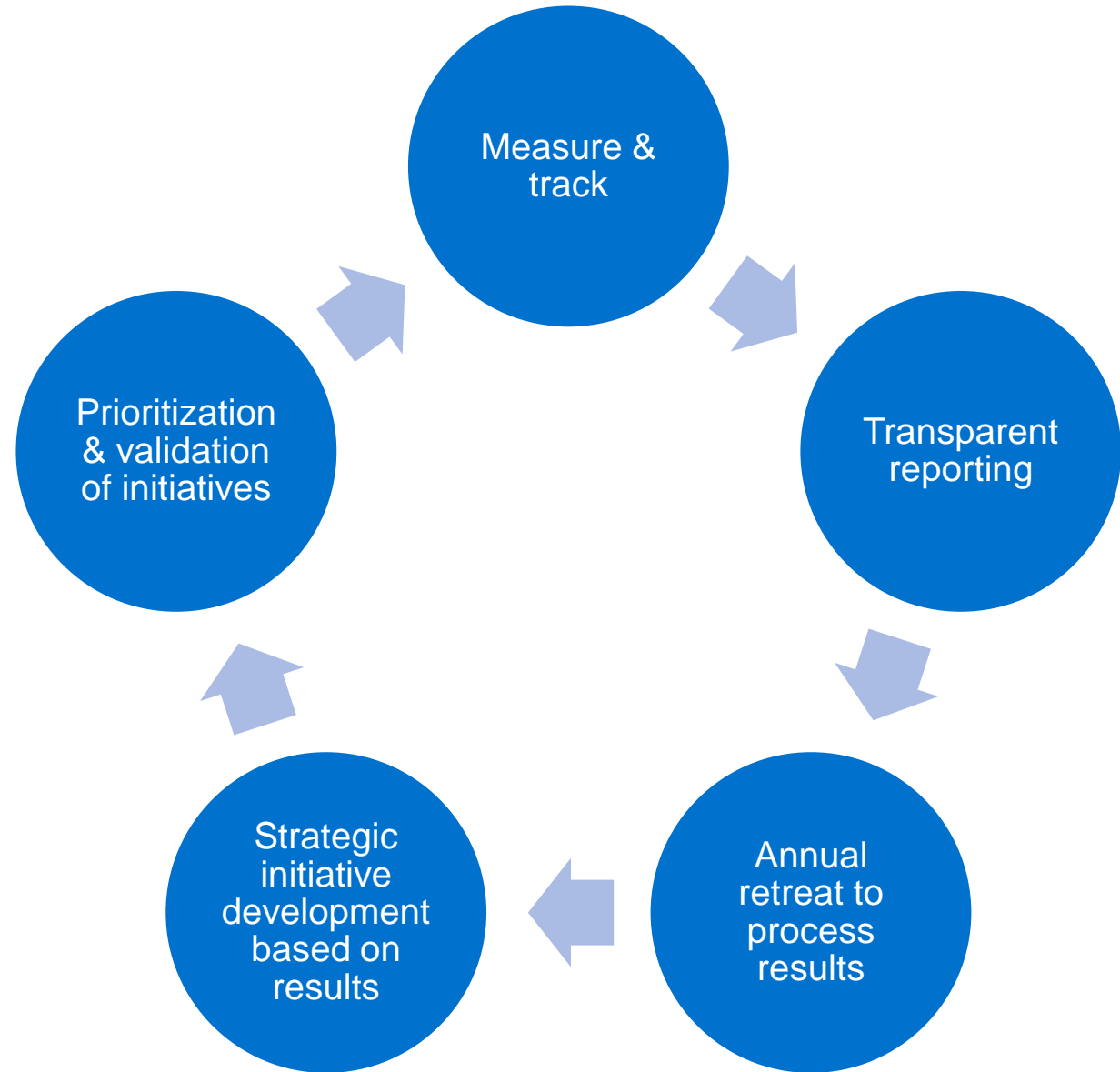- Be everything to everyone
- Overemphasize what has worked well in the past
- Be a one-time, every 10-year process
- Be independent of the budgeting process
- Sit on the shelf

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People & Process
Review Cycle

- Process can be annual

- Touch every program every year to monitor trends

- Have policies for addressing low-performing programs
  - Criteria to trigger remediation
  - Runway to recover/improve

- Sync with budgeting process &/or hiring process

- Be aware of academic calendar deadlines, mechanisms for reporting to faculty

Measure & track

Transparent reporting

Annual retreat to process results

Strategic initiative development based on results

Prioritization & validation of initiatives

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People & Process
Who Will Do the Planning?

Important Questions

- How will you kick off the process?

- Who will pull the data & be responsible for visualization?

- How will you establish a cross-functional team?

- Who should lead?

- Is there a standing committee?
  - Is it elected or appointed?
  - How long are the terms?
  - How will new members be brought up to date on the previous several years of data/decisions?
  - What policies will this committee follow?

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People & Process
Accountability

Know your goals & make them known

Appoint champion for each initiative

Document the process & be ready to share it

Develop policies & follow them

Don't be afraid to revisit an earlier decision

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Tip From the Field
Know Your Goals

Gross Tuition	26,501,761	27,375,445	27,887,205	27,084,217	28,456,332
Discount %	29%	32%	33%	36%	34%
Net Tuition	18,933,200	18,542,190	18,698,664	17,388,224	18,880,133
Cost	9,691,161	10,010,650	10,318,531	9,904,153	10,529,114
Margin $	9,242,039	8,531,540	8,380,133	7,484,071	8,351,019
Margin %	49%	46%	45%	43%	44%

TRENDING

Student Enrollment

Class Size

Faculty %

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Tip From the Field
Document the Process

Recommended Initiatives for 2025	Supporting Data	Associated Institutional Goals	Plan to Address	Champion	Goals/KPIs	Timing/Schedule
Revise Schedule in Programs X, Y, & Z	Declining margins for 3 years Class sizes below 30th percentile for institution	1, 3, 4, 5	Re-write course schedules Reduce number of sections to raise class size	VPAA	Target for average class sizes: Fall – 18 Spring – 16	Review process at December department heads meeting New schedules submitted by February for Fall 2025
Launch New ABC Program	Market research indicating employer demand Student survey indicating desire to stay at institution for grad school	1, 6	Develop business plan & evaluate curricula	Dean of Engineering; CFO	Curriculum approved by Committee Marketing strategy developed	First class enrolled in Fall of 2026

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Getting Started with Strategic Academic Planning

1. Identify your academic vision

2. Study your position
   - Margins (revenue – expense) & their relationship with overall institutional health
   - Enrollment funnel by program; trends & current state
   - Opportunities – be strategic

3. Convene a kick-off task force
   - Identify & define key metrics
   - Write policies; create a formal charge for standing committee
   - Shepherd approval process for new committee/formal structure

4. Start developing the communication & validation plan

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Higher Education Consulting Resources

Strategic Academic Planning Series:

- Part 1 – [Beyond the Program Review: The Case for Strategic Academic Planning | Forvis Mazars](#)

- Part 2 – [Strategic Academic Planning: Using Relevant Data | Forvis Mazars](#)

- Part 3 – Coming soon

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Additional Resources:

- [Focus on Your Institution's Financial Health | Forvis Mazars](#)

- [Program Economic Analysis for Higher Education | Forvis Mazars](#)

- [Complimentary Higher Education Financial Literacy Training | Forvis Mazars](#)

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