

FEATURE ARTICLE

Reshaping Your Curriculum to Grow the Bottom Line

Optimizing Academic Balance (OAB): Mission, Quality, Market Potential, Cost, and Revenue

by **Kenneth L. Hoyt**

OAB provides knowledge you can use to redirect scarce resources to increase enrollment, maximize the value of the curriculum, and strengthen institutional viability.

MANY COLLEGES ARE FACING TOUGH FINANCIAL CHOICES and need new tools to reduce their academic costs and, where possible, grow their enrollment. Optimizing Academic Balance (OAB) provides your institution with effective tools never before available to use in making the crucial academic decisions needed to stay competitive in the student market. OAB analysis is completed in the context of your institutional mission, quality, market potential, cost, and revenue.

OAB:

- » Examines the cost and long-term viability of each academic major and the general education program;
- » Identifies opportunities for enrollment growth or expansion;
- » Identifies areas where costs may need to be contained or reduced; and
- » Provides knowledge you can use to redirect scarce resources to increase enrollment, maximize the value of the curriculum, and strengthen institutional viability.

OAB utilizes market-potential data (inquiries, applicants, admitted students, enrolled students, juniors, and graduates) to measure the demand for each of your programs using (1) student credit hours (SCH) generated by program as a proxy for revenues and (2) direct (faculty and departmental)

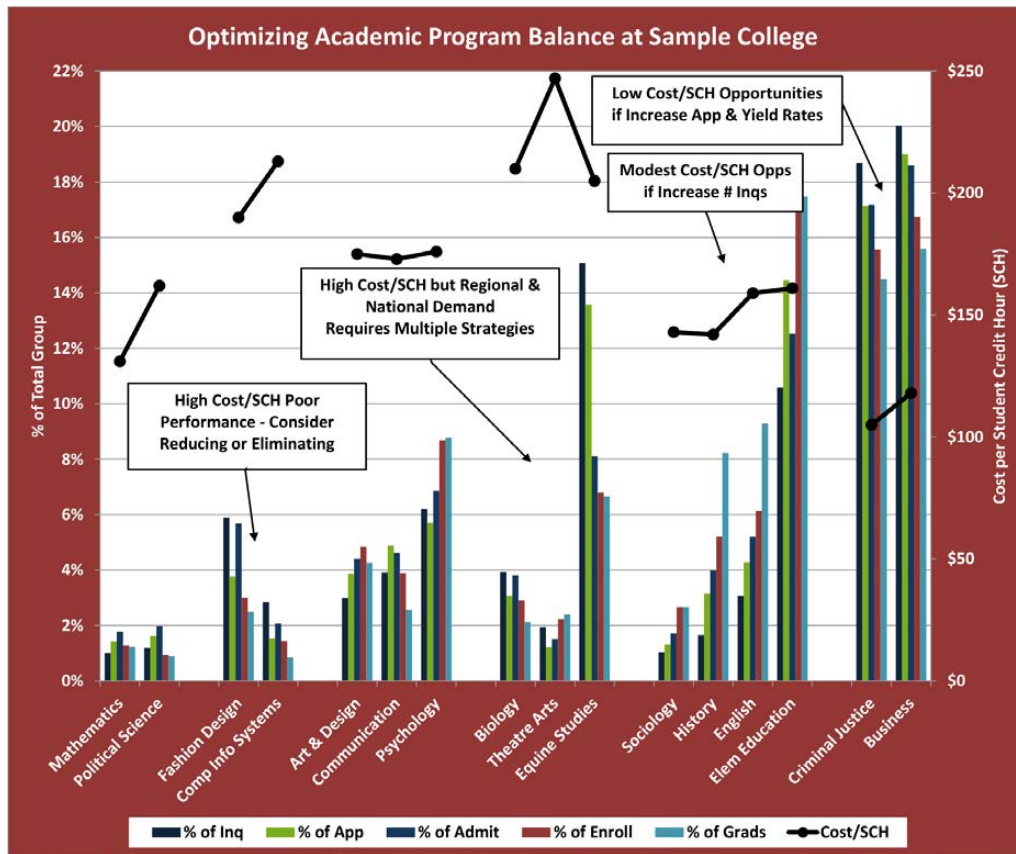
costs for teaching each program. OAB may be applied to all academic program offerings—undergraduate, graduate, and non-traditional.

Figure 1 presents sample results from an OAB analysis at a liberal arts and professional studies college, and figure 2 shows the same data in table form.

Here are some strategies that the sample college may wish to consider based on the results of its OAB analysis:

- » Enhance the Liberal Arts A
 - » History, English, and sociology perform well in the market in terms of inquiries and are very attractive to current students
 - » They are among our highest quality programs
 - » They are of modest cost in terms of cost/SCH
 - » Strategy: increase inquiries through targeted purchases of prospect names and other methods, especially web based
- » Enhance the Liberal Arts B and strengthen regional/national reputation
 - » Biology is a relatively expensive program but we have invested in its quality

Figure 1 Optimizing Academic Program Balance at a Sample College



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Figure 2 Optimizing Academic Program Balance at a Sample College: Data Table

Program	% of Inq	% of App	% of Enroll	% of Grads	Cost/SCH
Mathematics	1.0%	1.4%	1.2%	1.2%	\$131
Political Science	1.2%	1.6%	0.9%	0.9%	\$162
Fashion Design	5.9%	3.7%	2.9%	2.4%	\$190
Comp Info Systems	2.9%	1.5%	1.4%	0.8%	\$213
Art & Design	3.0%	3.8%	4.6%	4.1%	\$175
Communication	3.9%	4.8%	3.7%	2.4%	\$173
Psychology	6.2%	5.6%	8.3%	8.3%	\$176
Biology	3.9%	3.0%	2.8%	2.0%	\$210
Theatre Arts	1.9%	1.2%	2.1%	2.3%	\$247
Equine Studies	15.1%	13.4%	9.5%	9.3%	\$205
Sociology	1.0%	1.3%	2.5%	2.5%	\$143
History	1.7%	3.1%	5.0%	7.8%	\$142
English	3.1%	4.2%	5.8%	8.8%	\$159
Elem Education	10.6%	14.3%	16.8%	16.7%	\$161
Criminal Justice	18.7%	18.3%	16.7%	15.6%	\$105
Business	20.0%	18.7%	15.9%	14.9%	\$118
Total	100.0%	100.0%	100.0%	100.0%	

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- » It is our second strongest with respect to national/regional demand
- » However, we do not do well in converting that demand
- » Strategy: increase inquiries, improve application and enrollment rates, and improve internal retention
- » Reduce costs by eliminating weak, expensive programs
 - » Fashion design and computer information systems (CIS) are both relatively high cost yet poorly performing programs
 - » Neither is central to our mission
 - » CIS has aging faculty nearing retirement age and early retirement is an option
 - » Competition for fashion design in a nearby large city is proving to be insurmountable
 - » Strategy: phase out both programs in next three years and reallocate funds
- » Build on strength in elementary education
 - » Elementary education is among our highest quality programs
 - » It performs well in terms of inquiries and is among our most selective programs
 - » It has a modest cost/SCH
 - » Strategy: grow the program by increasing inquiries through targeted purchases of prospect names and other methods (especially web based) while maintaining selectivity
- » Grow profitable programs in criminal justice and business
 - » Both programs are relatively low cost with respect to cost/SCH

- » They have the highest number of current inquiries
- » But both perform below the median with respect to application and yield rates as well as internal retention rates
- » Strategy: improve application and yield rates and invest in faculty development (particularly for adjuncts) to improve quality

Most colleges that complete an OAB analysis find that they have academic programs where their level of inquiry is high and their cost of teaching is reasonable, thus affording an opportunity to grow the enrollment. For example, a recent client was able to add 30 new freshman in biology given its resources and the external demand. With a net tuition revenue of \$12,000 per student, this increased revenues by \$360,000. The same institution decided to eliminate its computer information systems program, one of its most costly majors, as area community colleges had become dominant competitors and CIS was not vital to the institution's mission. In addition, there are admissions marketing opportunities where the inquiry rate is low but student success at graduation is high, leading to the positive growth of what become popular majors on campus.

DATA REQUIRED TO COMPLETE OAB ANALYSIS

- » External demand and market potential data by major from enrollment services
 - » Inquiries
 - » Applicants
 - » Admitted students
 - » Enrolled students
- » Internal demand measured by number of graduates and juniors by major from registrar

- » Course information data by major from registrar
 - » Department prefix (e.g., ENG, BIO, CHE)
 - » Course number
 - » Term and year
 - » Section number
 - » Course title
 - » Faculty name/ID#
 - » Second faculty name (if team taught)
 - » Program identification (traditional, non-traditional, graduate)
 - » Credit hours for course
 - » Student count
 - » Whether primarily a general education or major course
- » Salary and benefit direct expense from CFO and CAO
 - » Name (faculty ID#)
 - » Base salary
 - » Benefits
 - » Overload salary amount
 - » Home department (e.g., art, English, music)
 - » Identification of faculty as full or part time
 - » Identification of any non-teaching portion of salary (e.g., department chair)
 - » Number of course hours for standard teaching load
 - » Adjunct faculty stipends per adjunct faculty member
- » Departmental operating budget amount and income for the department that is an offset to expense (if any)

WHAT OAB CONSIDERS

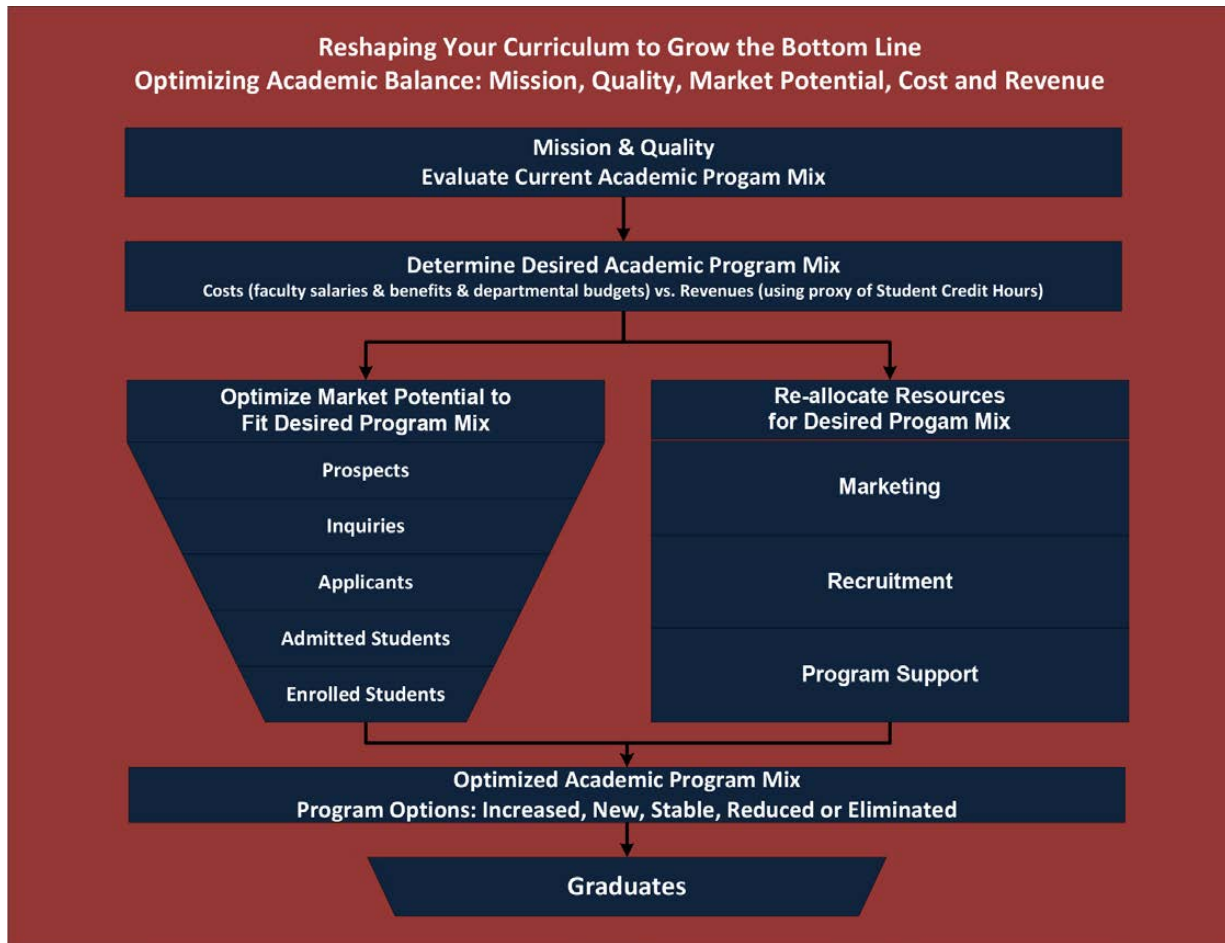
- » The cost of each major based on faculty salary and benefit information and the departmental operating budget is taken into account.
- » In calculating the costs for full-time faculty, consideration is given for each course a faculty member teaches.
- » In the case of faculty members who teach in more than one department, this course-level analysis of costs allows a faculty member's compensation to be apportioned to the appropriate program.
- » The costs associated with courses that are primarily general education are treated separately from the costs of courses that are primarily or exclusively for majors.
- » Compensated faculty time devoted to non-teaching activities (e.g., department chair, release time) is also taken into account.
- » Specific information on stipends for adjunct faculty is taken into account.

OAB ANALYSIS YIELDS STRATEGIC RESULTS

Figure 3 presents a flowchart showing how OAB aligns with your institutional mission, quality, market potential, cost, and revenue in support of increased enrollment and graduation rates. Specifically, OAB analysis yields

- » Evidence needed to support tough institutional decisions
- » Coordination between admissions/recruiting and program needs
- » Increased revenue from targeted growth
- » Decreased costs in carefully identified areas

Figure 3 Using OAB to Reshape the Curriculum and Grow the Bottom Line



Source: ©2012 by The Higher Education Practice, LLC.

OAB analysis yields the evidence needed to support tough institutional decisions.

AUTHOR BIOGRAPHY

KENNETH L. HOYT, PH.D., founding principal and president of The Higher Education Practice, LLC, has a distinguished 30-year career in higher education. He served as president of Centenary College of New Jersey, as president of The Ohio Foundation of Independent Colleges, Inc., as vice president for The University of Akron, and in various leadership positions at Otterbein College and Baldwin-Wallace College. He holds a Ph.D. in higher education administration and leadership from Ohio University, an M.A. in journalism/PR from The Ohio State University, and a B.A. in business administration/marketing from Baldwin-Wallace College.

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WHAT IS INTEGRATED PLANNING?

Integrated planning is the linking of vision, priorities, people, and the physical institution in a flexible system of evaluation, decision-making and action. It shapes and guides the entire organization as it evolves over time and within its community.

Why INTEGRATED PLANNING?



» REMOVE SILOS » WORK COLLABORATIVELY » USE RESOURCES WISELY

You've heard the stories . . .

- . . . every budget meeting is a trial because priorities aren't established.
- . . . an institution goes on probation because it did not "pass" planning on its accreditation review.
- . . . a system opens multiple new buildings on campuses across the state but does not have the funding to operate them.
- . . . a new president's leadership falters because his or her staff resists working transparently or collaboratively.

What is INTEGRATED PLANNING?

Integrated planning is the linking of vision, priorities, people, and the physical institution in a flexible system of evaluation, decision-making and action. It shapes and guides the entire organization as it evolves over time and within its community.



Benefits of INTEGRATED PLANNING



ALIGN INSTITUTIONAL PRIORITIES WITH RESOURCES

Three years of using an integrated budget process, one

where funding decisions were transparent and clearly tied to strategic goals, brought about "the end of whining" for a Midwestern, regional university.

MAKE ACCREDITATION WORK FOR YOU

The SCUP Planning Institute helped put integrated planning to work at a Southern university and it resulted in a "no concerns or problems" accreditation review.

CONTAIN AND REDUCE COSTS

As part of a comprehensive sustainability effort, integrated planning meets the requirements of the American College and University Presidents Climate Commitment (ACUPCC), and that adds up to savings in utilities for campuses across the country.

Core Competencies for INTEGRATED PLANNING

Senior leaders excel when the people who report to them understand how essential it is to

- » engage the right people
- » in the right conversations
- » at the right time and
- » in the right way.

Integrated planning might not solve every problem on campus, but it is sure to provide a solution to the most important issues. To be effective, and for you as a senior campus leader to be successful, everyone who plans on your campus needs these core competencies:

ENGAGE THE RIGHT PEOPLE: Identify the people who need to be in the room and work with them effectively.

SPEAK THEIR LANGUAGE: Create and use a common planning vocabulary for communicating.

KNOW HOW TO MANAGE A PLANNING PROCESS: Facilitate an integrated planning process and manage change.

PRODUCE A SHARED PLAN: Produce an integrated plan that can be implemented and evaluated.

READ THE PLANNING CONTEXT: Collect and filter relevant information.

GATHER AND DEPLOY RESOURCES: Identify alternative and realistic resource strategies.