Development and Administration of Self-Supporting Degree Programs at Public Institutions

Custom Research Brief

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I. RESEARCH METHODOLOGY

Project Challenge

A member institution approached the Roundtable with the following questions:

Program Structure: What criteria do other universities use to determine if a program can be self-supporting (e.g., type of student, market potential, course delivery)? Are programs managed by a university extension office? Is the administrative infrastructure for self-supporting degree programs centralized or decentralized?

Fees and Resources: How are program fees determined? Are there additional fees for non-residents? How are program revenues managed to support the program in the long-term? How is surplus revenue used? How do other institutions ensure that programs are truly self-supporting and not using state resources? How are shared spaces and resources, such as labs, used with self-supporting programs? How have other institutions approached auditing self-supporting programs?

Governance: How are teaching loads and compensation managed for faculty teaching within self-supporting programs? How do self-supporting programs interact with state-supported programs within the same department or school? Do faculty teach within both state-supported and self-supporting degree programs? How do faculty from multiple departments organize within self-supporting programs? Are new tenure-track faculty hired for self-supporting degree programs? Are courses within self-supporting programs only available to students enrolled in the program?

Student Services: What university services are available to students enrolled in self-supporting programs? What financial aid and student support are available? How is access to research positions managed?

Sources

- Education Advisory Board’s internal research library http://www.educationadvisoryboard.com
- National Center for Education Statistics (NCES) http://nces.ed.gov/
- University D’s Fee-Based Degree Policy Notebook
- Profiled institutions’ websites

Research Parameters

The Roundtable conducted interviews with academic affairs administrators and directors of self-supporting degree programs.
## I. RESEARCH METHODOLOGY (CONT.)

### A Guide to the Institutions Profiled in this Brief

<table>
<thead>
<tr>
<th>Institution</th>
<th>Location</th>
<th>Campus Setting</th>
<th>Carnegie Classification</th>
<th>Approximate Total Enrollment (Fall 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University A</td>
<td>Pacific West</td>
<td>City: Large</td>
<td>Master’s Colleges and Universities (larger programs)</td>
<td>29,000</td>
</tr>
<tr>
<td>University B</td>
<td>Midwest</td>
<td>City: Small</td>
<td>Research Universities (very high research activity)</td>
<td>44,000</td>
</tr>
<tr>
<td>University C</td>
<td>South</td>
<td>City: Large</td>
<td>Research Universities (very high research activity)</td>
<td>51,000</td>
</tr>
<tr>
<td>University D</td>
<td>Pacific West</td>
<td>City: Large</td>
<td>Research Universities (very high research activity)</td>
<td>42,500</td>
</tr>
<tr>
<td>University E</td>
<td>Pacific West</td>
<td>City: Small</td>
<td>Master's Colleges and Universities (larger programs)</td>
<td>15,000</td>
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</tbody>
</table>

*Source: National Center for Education Statistics

*Information presented from University D was collected through secondary research and interviews conducted outside of the Education Advisory Board.*
II. EXECUTIVE OVERVIEW

Key Observations

- **Self-supporting degree programs at contact institutions are typically graduate-level programs intended for non-traditional learners.** Course offerings commonly take place in the evening, online, or off campus. At most contact institutions, self-supporting degree programs tend to be in professional sciences or other career-based subjects, and are intended for working professionals.

- **Self-supporting degree programs are held to the same academic standards and review processes as state-supported programs.** Although specific processes may differ by institution, contacts stress the importance of equal treatment in order to maintain consistent educational quality across all programs.

- **Tuition rates for self-supporting programs at most contact institutions are determined by the total expenses for individual programs and market demand.** Contacts at University B report that administrative costs, anticipated student headcounts, and staffing expenses are the three most common metrics for determining tuition rates; rates are set by the Board of Trustees. In-state and out-of-state students typically pay the same tuition. Additionally, contacts at University E note that funding models for programs already charging differential tuition tend to be adaptable when transitioning to a self-supporting model.

- **Contacts do not report comprehensive measures for auditing self-supporting programs to ensure they do not receive any indirect state support.** Although programs do not directly receive state funds, contacts state that courses within self-supporting programs may sometimes use classroom and lab space shared by programs receiving state support. The space is typically used during off-hours, such as evenings or weekends, and self-supporting programs are charged a “university rate” for using the space.

- **Surplus revenue is typically divided between the campus, school or college, and the department delivering the program.** Aside from agreements regarding how revenue is divided between the campus and college or school, contacts report that there are no specific policies in place for the use of surplus funds; each recipient determines priorities for how to use the revenue.

- **Faculty at contact institutions may teach within both self-supporting and state-supported programs.** Contacts report that course loads and required course releases are determined by individual academic departments rather than by university-wide policies.

- **Although students enrolled in self-supporting degree programs have access to research positions within contact institutions, there are limitations compared to opportunities for students in state-supported programs.** For example, at University B, graduate assistants, fellows, and trainees in self-supporting programs may not receive tuition waivers; they are, however, eligible for tuition scholarships and stipends.

- **Students enrolled in self-supporting degree programs typically have access to the same or comparable student services both on and off campus, but contacts report that these students do not use them as often as students in state-supported programs.** Similar to state-supported programs, students in self-supporting programs at most contact institutions are required to pay fees for use of services.
III. PROGRAM DEVELOPMENT AND IMPLEMENTATION

Defining Self-Supporting Degree Programs

Most self-supporting degree programs offered at contact institutions are cohort-based, professional education programs. These programs receive no direct support from the state; contacts note that the programs would likely be unsustainable if they relied solely on state support. Several benefits of self-supporting degree programs identified by University D include:

- Potential to generate net revenue for academic units with fee-based initiatives
- Flexibility in pricing (i.e., individual programs can be priced according to market demand)
- Flexibility with student tuition cap
- More access for students

Source: University D’s Fee-Based Degree Policy Notebook

Program Development Process

At University C, new self-supporting programs undergo a lengthy development and approval process:

1. **Measuring Faculty Support**
   - Are faculty members in a specific department interested in participating in a new degree program?

2. **Identifying a Director**
   - Is there a senior faculty member who is willing to serve as the program’s director and a champion for the program?

3. **Conducting Market Research**
   - Do other institutions offer a similar program? What are the historic enrollments?

4. **Obtaining Signatures for Agreements**
   - Each program develops a financial agreement to determine how revenues will be shared. These agreements receive input from the associate dean, the dean, and the department chair.

5. **Obtaining Approvals**
   - New programs must be approved by the dean’s office, the graduate school, the university’s governing body, the higher education coordinating board, and the regional accrediting body.

6. **Drafting a Proposal**
   - Can long-term stability and profitability be demonstrated? Is there a target audience for the program? Is there demonstrated demand for the program?

The continuing education unit of University C’s School of Engineering is responsible for the administration of the school’s self-supporting programs, and as a result, students enrolled in state-supported programs may not enroll in courses offered in the self-supporting programs. The office collaborates directly with faculty throughout the development and approval process, and receives a percentage of the surplus revenue; historically, surplus funds are reinvested as seed money for the development of new programs and infrastructure. At University A, surplus revenue is used for similar purposes: contacts report that profits from the self-supporting program are often used to purchase new equipment for the department.
III. PROGRAM DEVELOPMENT AND IMPLEMENTATION (CONT.)

Program Implementation

Prior to the implementation of a new self-supporting program at University D, a plan must be approved by the Provost, the dean of the college or school or the campus chancellor, and the Vice Provost for Educational Outreach.

<table>
<thead>
<tr>
<th>Implementation Plan at University D</th>
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<tr>
<td>A self-supporting program implementation plan at University D addresses the program’s start-up, growth, ongoing operations, and contains the following: faculty and staff resources, faculty status, pricing, faculty and staff workspace, start date, curriculum, market feasibility, required number of applicants for program launch, student learning outcomes, and student, faculty, and course support services.</td>
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Source: University D’s Fee-Based Degree Policy Notebook

Space Allocation

Contacts report that the use of space is one of the most complicated considerations when determining if a program is truly self-supporting. Although a large percentage of courses are delivered off campus, contact institutions tend to own the off-campus facilities used. Potential audits are further complicated because space is often used by state-supported programs as well as self-supporting programs. In these cases, self-supporting programs either rent space from the institution at a “university rate” or the program pays a predetermined percentage of support costs for the space used:

- At University A, the self-supporting biotechnology program pays a predetermined fee for the use of lab space and any technical support that is provided by the institution.
- Although the administrative office for engineering self-supporting programs at University C is located on campus, the classrooms are located at a satellite facility owned by the institution. The self-supporting programs, which receive all tuition fees directly, rent the space from the university and may rent other space on campus, pending availability.

Determining Tuition and Fees

In order to launch a successful and sustainable self-supporting program, contacts stress the importance of offering programs that can generate enough revenue to cover expenses and generate profits. Extensive market research can help determine how much the institution can charge to exceed program costs and still recruit students, and tuition can be adjusted annually to meet changing demand. At University D, tuition rates for self-supporting programs are never lower than state-supported program rates, but in some cases the rates are comparable. In most cases, in-state and out-of-state students are charged the same amount, but University D is allowed flexibility in determining these rates. Tuition rates for self-supporting programs at University C and University A are the same for both in-state and out-of-state students.

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<tr>
<th>Pooling Risk at University D</th>
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<tr>
<td>All new self-supporting program budgets at University D incorporate a six percent “Risk/Opportunity Fee.” This fee, which decreases over time as the program becomes established, is pooled by the extension office to pay for any program deficits, expenses related to phasing out unsuccessful programs, and seed money for new programs.</td>
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IV. FACULTY APPOINTMENTS AND WORKLOAD

Program Support and Governance

Although most contact institutions maintain decentralized infrastructure for self-supporting degree programs, contacts state that the need for standardized governance increases as the number of self-supporting degree offerings continues to grow. At University E, the majority of self-supporting programs have historically been managed by the College of Education, but following the faculty’s recent unionization and the growth of self-supporting degree offerings, contacts anticipate the need for standardization across the entire institution. Contacts report that determining faculty overload is a significant concern within self-supporting programs due to the significant number of faculty members within self-supporting programs teaching on overload.

Determining Workload: Normal Teaching Load versus Overload

All contact institutions have the option of paying faculty overload for faculty teaching within self-supporting programs, but contact institutions assign these payments differently. For example, overload payments at University D are only intended as stopgap measure during the first three years of a self-supporting program’s existence; the department or college, school, or campus is expected to hire additional faculty to teach in the program as part of their normal teaching load. Alternatively, at University C and University A, all faculty teaching in self-sustaining programs receive overload payments. Contacts at University B report that faculty teaching in self-supporting programs may sometimes teach within normal teaching loads, but determining how these assignments are attributed to workload is left to the discretion of individual academic units.

Hiring Tenure-Track Faculty at University D

University D is the only profiled institution that reports hiring tenure-track faculty specifically for self-supporting programs (although University B reports that tenure-track faculty may teach within self-supporting programs). The decision to hire tenure-track faculty, which must ultimately be approved by the provost, relies heavily on the campus, college, or school’s ability to guarantee the faculty member’s position. If a program is phased out, the faculty member is moved to another program, either self-supporting or otherwise funded. If a program discontinues, faculty members on multi-year contracts are considered the responsibility of the extension office until their contracts expire.
### Student Fees and Access to Services

Services available to students enrolled in self-supporting programs vary across contact institutions. For example, at University D and University C, students in self-supporting programs are required to pay all campus-based fees and have access to the same services as students enrolled in state-supported programs. Students at University D may also purchase health insurance through the institution. At University A, however, students enrolled in self-supporting programs do not have access to the same student services as students enrolled in state supported programs (i.e., campus public transit and student health services). At most contact institutions, students in self-supporting programs have access to most of the same financial aid opportunities; however, students do not typically have access to institutional aid using state funds. For example, students in University D’s self-supporting programs may receive a scholarship directly from a program, but they are not eligible for scholarships funded through tuition paid by students in state-supported programs.

#### Student Fees at University C
Student fees required at University C include: laboratory fees, supplementary fees, incidental fees, aquatic complex fee, gymnasion renovation fee, health services building fee, information technology fee, international education fee, library fee, medical services fee, recreational sports fee, registration fee, student services fee, student services building fee, and the state union fee. These fees are required by students in self-supporting and state-supported programs.

#### Planning for Satellite Support Services at University E
As self-supporting program offerings at University E continue to expand, determining student service offerings becomes more complex. Contacts report that offering the exact same student services for students enrolled in programs at satellite locations becomes problematic due to distance, but offering student services is necessary to maintain credibility both with students and the appropriate accrediting bodies. One potential solution suggested by contacts concerns sites for hosting off-campus programs: if the university’s programs were to be hosted at a community college, the university could arrange with the college to allow students enrolled in the self-supporting program to use the college’s already established student services (e.g., veterans services and disability services) for a fee.

### Access to Teaching and Graduate Assistant Positions

At most contact institutions, students enrolled in self-supporting degree programs have access to teaching, research, and graduate service assistant positions, with additional limits to their compensation compared to students in state-supported programs. At University B, students enrolled in self-supporting programs may not receive central tuition waivers for their work as assistants, fellows, and trainees. They are, however, eligible for tuition scholarships and stipends within their program.
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