Profit–Sharing Model for New Program Development

This budget model is intended to provide a funding mechanism for departments with interest in developing new programs that will provide greater access to BSU learning opportunities and increase enrollments at BSU. The fiscal model it envisions rewards outreach and effective planning while increasing the number of programs offered at all levels and across delivery methods.

Under this proposed model, a department creating a new undergraduate or graduate degree program will receive three credits of reassigned time to support design of the program; six credits of reassigned time in the first year of the program’s implementation to support collaboration with admissions and marketing staff on launch efforts; and three credits of reassigned time in the second and third years of the program’s existence to support collaboration with admissions staff in recruiting and assessment of student learning.

During all of the programs’ first three years, net profits or losses will be shared fifty percent with the university and fifty percent under the oversight of the Provost. Net Profit or Loss will be calculated using 100% of collected tuition minus 100% of expenditures. All programs’ profits and losses will be combined prior to the sharing of the profit or loss.

The Provost’s 50% share of net profits will be distributed in the following manner: one-fourth to a contingency fund aimed at covering, or helping to cover, potential losses from programs that don’t perform as anticipated, and three-fourths to the discretionary funds of the colleges sponsoring the respective programs. The allocation to each college will be based on that college’s profit/loss ratio relative to its counterparts (i.e. with a year’s pool after contingency is removed of $60,000 in which one college’s programs earned 30% of all net profits, another 45%, and another 25%, the first college would receive $18,000, the second $27,000, and the third $15,000). If the colleges collectively were to incur a net loss, costs beyond the capacity of the contingency fund will be split evenly between the colleges and the Provost (and the Center for Extended Learning if CEL is a partner in development and launch).

At the end of three years, reassigned time for support of this program and split of revenue will cease, unless enrollment projections prompted a delay of launch. If a program’s launch is delayed for a year, the department will receive an additional three credits for continued development and marketing during the second year (followed by six credits in the third year and three credits in the fourth). No program’s launch will be delayed for more than one year. If enrollment projections for the second year suggest that our expectations were in error, the Provost, in consultation with the sponsoring departmental faculty and dean (as well as the Director of Extended Learning and/or Director of Graduate Studies if either or both have partnered in development and launch plans), will abandon the effort.

Should the faculty in an existing program collaborate with administrative leadership in the initiation of a substantial curricular redirection or change in delivery method aimed at supporting enrollment growth in the program, the same funding process will be utilized, with the following exception: reassigned time in the first year of implementation will be three credits instead of six.