

# New Academic Program Pro-Forma Process

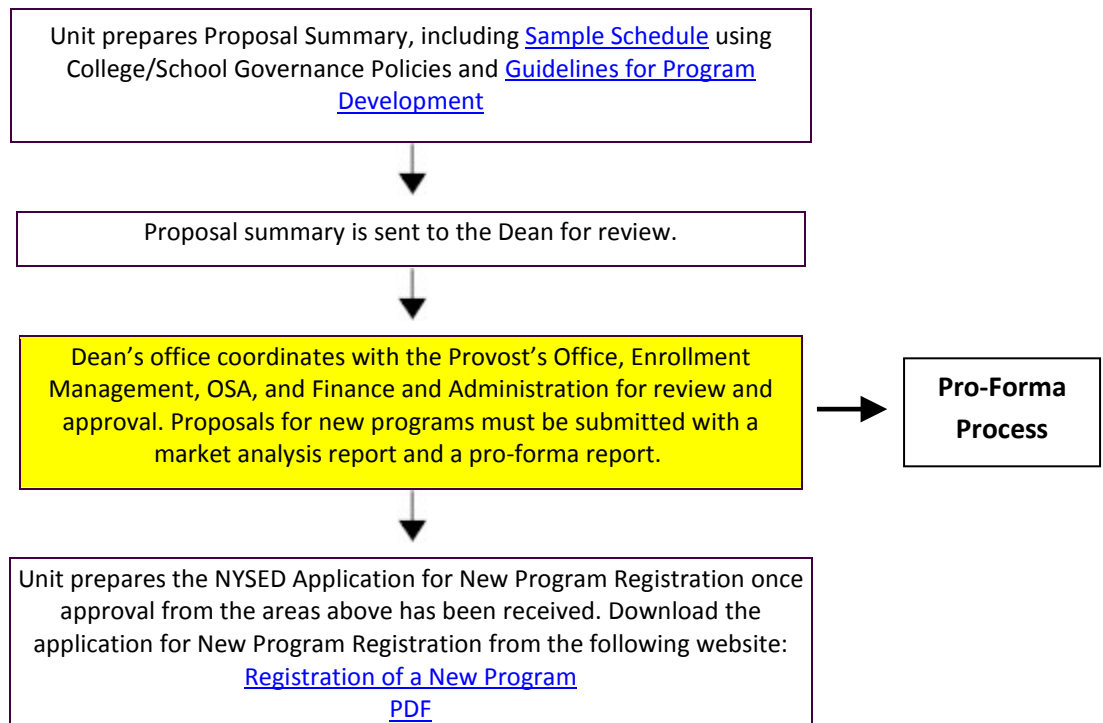
## Executive Summary

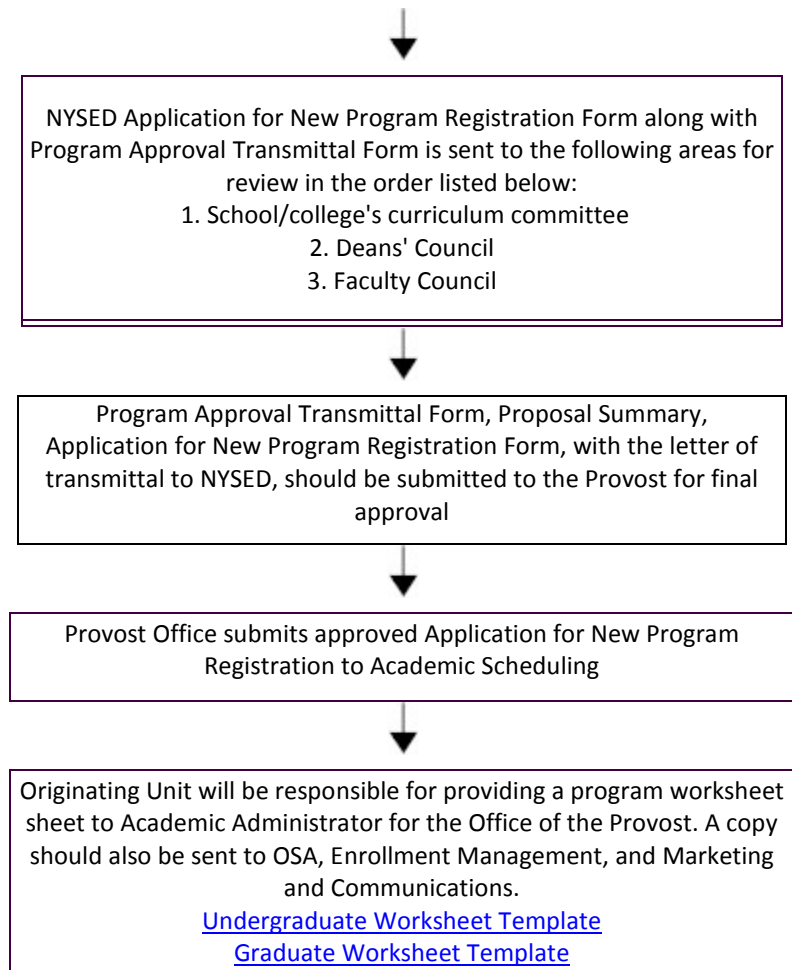
### Introduction

New program development is an important component of our commitment to being a student-centered University; it ensures that we are focused on the changing needs of our students. In order to facilitate this process the Provost's Office has established guidelines and steps that are required to develop a new program.

The new program process describes the entire new program development and approval process. Based on feedback from school/college budget representatives and findings from the 140 William Street review, it was determined that a more formal policy and procedure document was required to outline the key steps necessary to complete the pro-forma (step 3 below).

### New Program Development: Overview of Existing Process (taken from Provost site)





### **Proposed New Pro-Forma Process**

The proposed new pro-forma process formalizes step 3 in the overall new program development process. This pro-forma process is more consultative and streamlined between schools/colleges and other departments. In this new process, the pro-forma becomes a management tool to guide the development of a comprehensive, multi-year budget including all relevant costs (operating and capital) associated with the new program. This new tool will enable the program DRI, Deans, and the Provost's Office to evaluate new programs in a more holistic manner. The new process, guidelines and updated templates outlined in this document should direct the new academic pro-forma development in the next budget cycle.

**Key Stakeholders.** Provost's Office, School/Colleges, Budget & Planning, and Enrollment Management are the primary stakeholders. The secondary stakeholders are Finance & Planning, Administration, and other support groups such as Student Success, Student Affairs, CTLT and Library.

**Directly Responsible Individual (DRI) for New Program Development.** Although the Deans are ultimately accountable for the program's success and meeting the program targets, the Deans can designate a Program Director as the DRI and point-of-contact for the pro-forma. We expect the Budget Representatives to be the key users of this process and will facilitate the pro-forma process for the program's DRI.

**Directly Responsible Individual (DRI) for the Pro-forma Process:** The Provost's Office owns the pro-forma process for new academic programs. Specifically, the AVP of Academic Finance has the best insight into the needs and challenges of the Provost's Office and schools/colleges, and as such is the DRI for ensuring that the process is followed and all necessary documentation is complete.

### **Proposed New Pro-forma Process Key Steps**

- 1. Pro-forma Development.** The schools initiate consultative meetings with Enrollment Management, OSA/Financial Aid, and Administration as the pro-forma is being developed. In addition to the pro-forma, submitting departments should prepare and present a program proposal to accompany the pro-forma. These early discussions ensure timely feedback and refinements early in the process.
- 2. Provost review and approval/Budget office review and approval.** The Provost's Office consolidates all pro-formas and submits to the Budget office for assessment and sign-off. The AVP of Academic Finance meets with the Provost to review pro-formas to determine academic priorities. As a result of this review, the Provost provides initial approval of the pro-forma. Once the Provost and the Budget Office have provided this initial approval, the pro-forma goes to the Review Committee.
- 3. Pro-forma Review Committee.** A standing committee led by the Provost and comprised of Finance (including the Budget Office), EM, OSA, Financial Aid, and Administration is convened to evaluate the program proposals and the pro-formas from a holistic stand point. The Review Committee will provide its recommendation to the Provost on whether they believe this program should move forward.

The Committee should treat pro-formas that require significant investment from the University as off-cycle projects and advise the program on an individual basis in completing the pro-forma. These pro-formas require additional planning time, coordination, and oversight.

- 4. Pro-Forma Decision.** If denied, the Committee will provide the proposing school with feedback and recommendations for improvements. If approved, the AVP of Academic Finance will advise the DRI to proceed with state and faculty approvals processes as necessary. Depending on when State Approval is received, Committee members may provide feedback as to whether the program should still be implemented in the originally planned semester. Decisions would be made on a program-by-program basis.

**A. Capital Budget Process and the Pro-forma.** Because the pro-forma process occurs in advance of the University's capital approval process, special consideration must be given to those pro-formas which include a capital component. Once the Provost has provided initial approval of the pro-forma, capital requests over \$50,000 will be incorporated as recommendations for approval into the Capital Budget process. These requests will be assessed on an accelerated timeline and be provided capital approval in September, prior to Review Committee evaluation. Administration will also consult with the Provost on academic priorities before final capital approval is given. Requests under \$50,000 will be given the option to self-fund via the operating funds of the pro-forma or to participate in the capital budget process and go through the step outline above.

Administration will inform the Budget Office as soon as decisions are made through the capital budget approval process to identify how the capital will be funded (capital budget or departmental budget.) If the capital request is not covered through the capital budget process for an approved pro-forma, funds will be identified from the departmental operating budget.

### **Key Process Enhancements**

**Reconciliation Process.** Going forward, programs with existing pro-formas must report actuals (financials and headcount) against projections. This will be an annual process that occurs after the audit is complete. During the budget development process existing pro-formas should also be updated with adjusted enrollment, revenue, and expense projections for future years based on the current and historical performance of the program. This reconciliation is an important step to ensure that the pro-forma tools and process are effective in accurately capturing the full cost of the a new program, and to evaluate the demand for new programs.

**Development of Margin Targets.** Leveraging the RCM as a guide, programs should strive to produce a 35% margin to cover overhead costs. It is reasonable if a program does not meet this target in year one and we should allow the program ramp-up time. Further discussions on the overhead component will continue through the RCM policy.

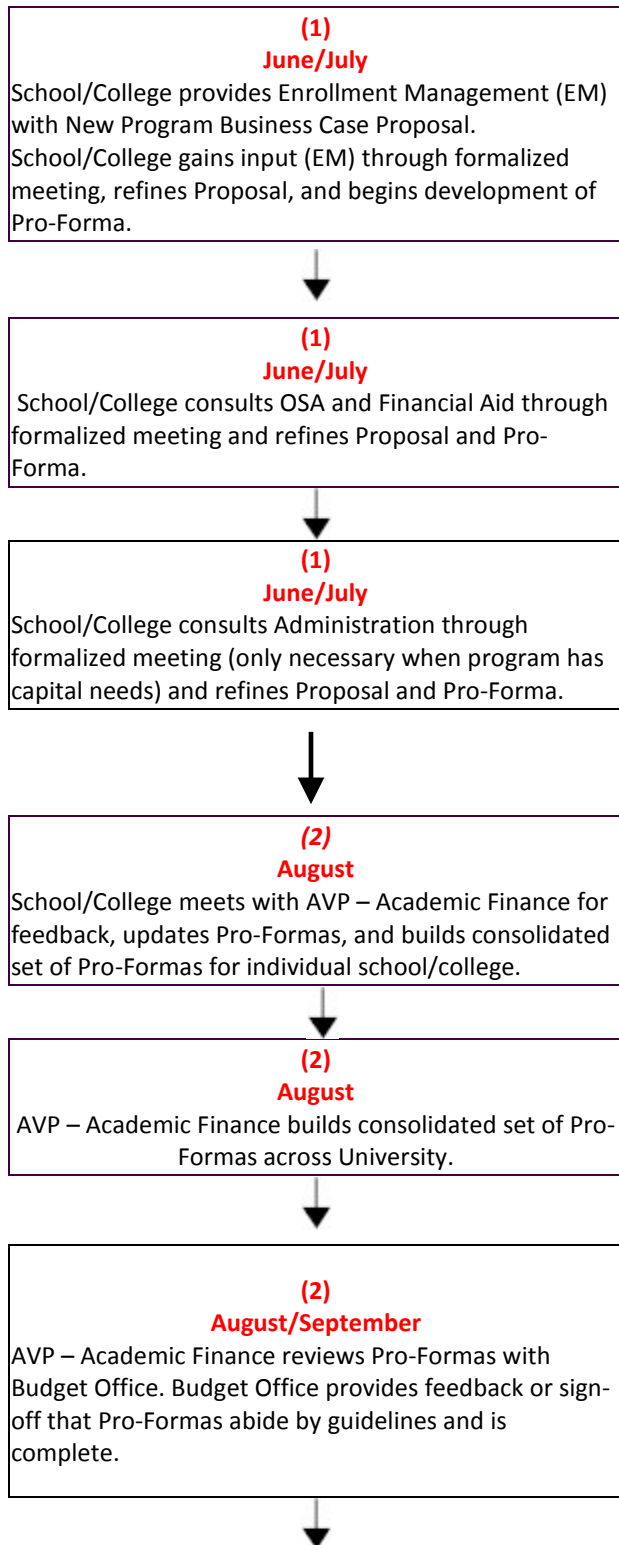
**Guidelines.** We have included guidelines to serve as parameters for key financial points. These guidelines will help the Budget Representatives make a full accounting for all program costs. With these more comprehensive tools, the University will gain important insight into the management of new programs and further streamline and improve the overall process.

### **Supporting Documents**

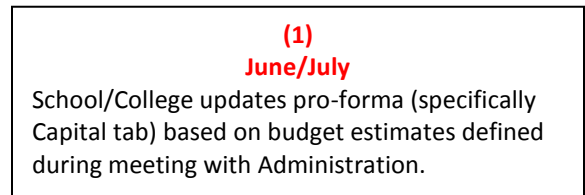
Attached to this summary is a more detailed workflow which outlines the key steps as they occur within the budget cycle and within the capital cycle. The forms/templates have also been revised to reflect the more comprehensive approach outlined here. These templates will be used primarily by the AVP for Academic Finance and the school/college budget reps to develop a comprehensive pro-forma.

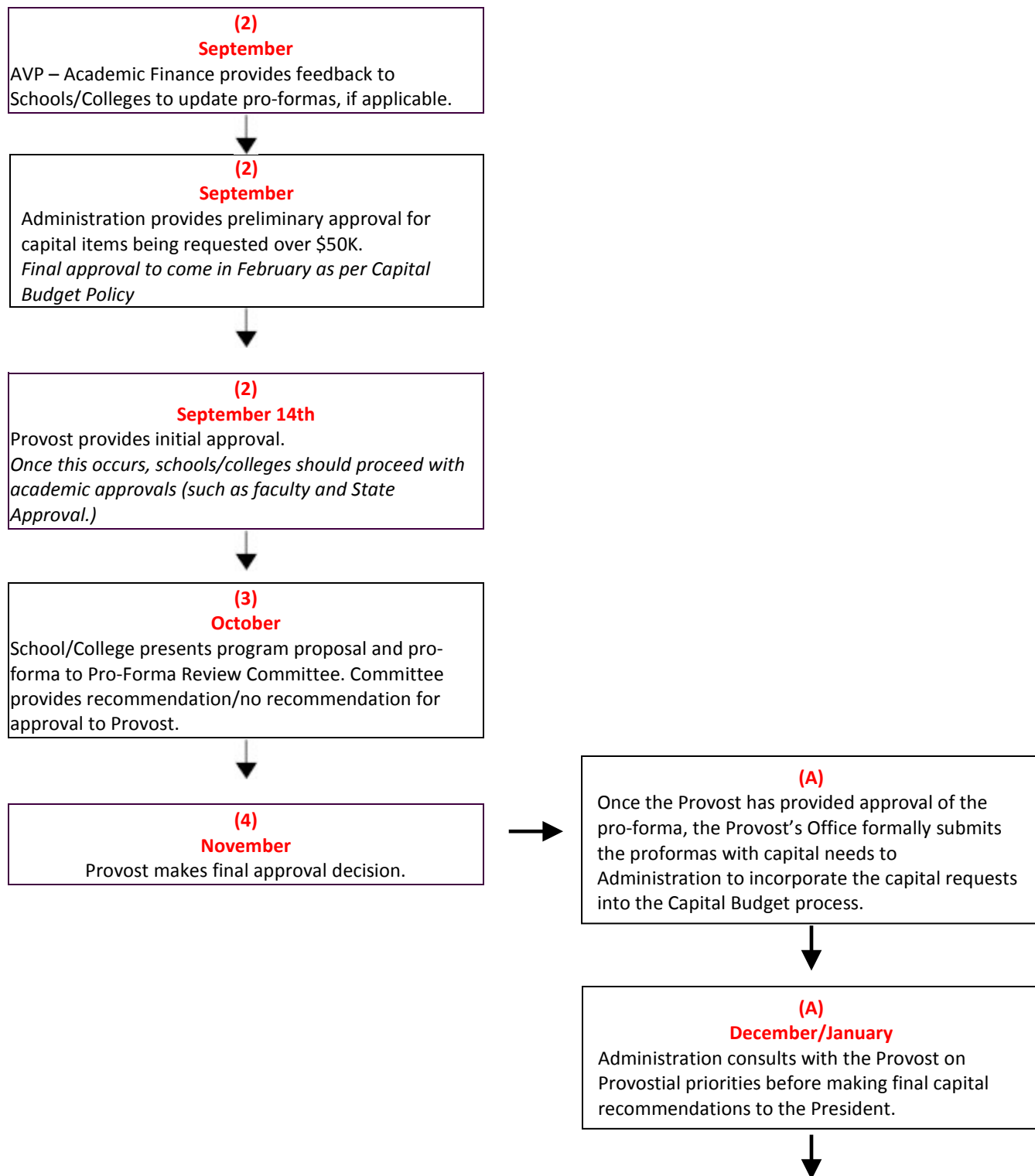
## Workflow

### ***Pro-Forma Process***



### ***Capital Budget Process***





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Administration informs the Budget Office once decisions are made through the capital budget approval process. If the request is approved through the capital budget, then it will be sourced from the capital budget. If the request is not approved, then it will be funded through the department's operating budget.



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The Budget Office informs the program and Provost's Office to the capital's funding source.

### **New Program Development Documentation**

The following draft documents will be used by the DRI and the Budget Representatives to complete the pro-forma.

- New Program Business Case Proposal
- Pro-Forma Documentation
  - Cover and Approval Summary
  - Milestones and Assumptions
  - Issues, Risks and Recommendations
  - Revenue
  - Expenses
  - Capital Needs