



FAMU Program Profitability Analysis

Reference Document

July 2020

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The information included in this report will not contain, nor are they for the purpose of constituting, policy advice. We emphasize that statements of expectation, forecasts and projections relate to future events and are based on assumptions that may not remain valid for the whole of the relevant period. Consequently, they cannot be relied upon, and we express no opinion as to how closely the actual results achieved will correspond to any statements of expectation, forecasts or projections.



Academic programs vary by enrollment, gross margin, and instructional costs (1/2)

School/ College	Department	2019 Enrollment	Enrollment Compound Annual Growth Rate ('17-19), %	Gross margin, %	Net Revenue/ SCH, \$	Instruction cost/SCH, \$
College of Education	3105-Health and Physical Education/Fitness.	100	1.7%	91.9%	491	40
College of Social Sciences, Arts and Humanities	4228-Clinical, Counseling and Applied Psychology.	40	6.6%	91.9%	280	23
	5401-History.	25	6.0%	86.9%	257	34
	4511-Sociology.	78	(3.6%)	76.1%	237	57
	4510-Political Science and Government.	214	5.2%	74.6%	261	66
College of Science and Technology	2701-Mathematics.	28	3.8%	73.3%	255	68
	4005-Chemistry.	91	3.1%	70.6%	264	78
College of Social Sciences, Arts and Humanities	3899-Philosophy and Religious Studies, Other.	14	0.0%	68.8%	238	74
	2401-Liberal Arts and Sciences, General Studies and Humanities.	127	(16.7%)	68.3%	250	79
	5007-Fine and Studio Arts.	16	(2.0%)	64.5%	254	90
	4201-Psychology, General.	423	7.6%	64.0%	254	92
School of Journalism and Graphic Communication	5004-Design and Applied Arts.	105	0.0%	63.7%	241	88
	0909-Public Relations, Advertising, and Applied Communication.	129	0.0%	60.8%	230	90
College of Social Sciences, Arts and Humanities	2301-English Language and Literature, General.	43	8.1%	59.2%	248	101
College of Science and Technology	2601-Biology, General.	641	4.2%	57.8%	258	109
School of Business and Industry	4506-Economics.	47	0.0%	54.7%	255	115
School of Allied Health Sciences	5107-Health and Medical Administrative Services.	188	(5.4%)	53.6%	236	109
College of Social Sciences, Arts and Humanities	4301-Criminal Justice and Corrections.	454	3.9%	51.6%	232	112
School of Allied Health Sciences	5123-Rehabilitation and Therapeutic Professions.	137	(2.8%)	49.0%	431	220
College of Education	1313-Teacher Education and Professional Development, Specific Subject Areas.	105	4.1%	48.8%	263	135
School of Allied Health Sciences	5109-Allied Health Diagnostic, Intervention, and Treatment Professions.	73	(0.9%)	45.0%	223	123
College of Law	2201-Law.	563	2.8%	39.5%	549	332
College of Science and Technology	1101-Computer and Information Sciences, General.	278	2.9%	36.7%	264	167
College of Social Sciences, Arts and Humanities	5009-Music.	121	4.5%	35.9%	258	166
College of Agriculture and Food Sciences	2607-Zoology/Animal Biology.	1	(20.6%)	35.1%	275	179

Source: FAMU program data and wage and benefit data. Note: engineering is a shared department with FSU; figures shown are not complete



Academic programs vary by enrollment, gross margin, and instructional costs (2/2)

School/ College	Department	2019 Enrollment	Enrollment Compound Annual Growth Rate ('17-19), %	Gross margin, %	Net Revenue/ SCH, \$	Instruction cost/SCH, \$
School of Business and Industry	5203-Accounting and Related Services.	130	0.0%	34.4%	262	172
College of Social Sciences, Arts and Humanities	4407-Social Work.	253	2.5%	32.6%	281	189
School of Business and Industry	5202-Business Administration, Management and Operations.	741	0.0%	30.5%	285	198
College of Education	1311-Student Counseling and Personnel Services.	36	4.0%	26.0%	290	215
School of Architecture and Engineering Technology	1510-Construction Engineering Technologies.	50	(11.4%)	25.2%	252	189
College of Science and Technology	4008-Physics.	25	(1.3%)	24.3%	290	220
College of Social Sciences, Arts and Humanities	5005-Drama/Theatre Arts and Stagecraft.	67	0.5%	22.0%	245	191
College of Engineering (FAMU-FSU)	1419-Mechanical Engineering.	90	12.0%	14.3%	355	305
School of Journalism and Graphic Communication	0904-Journalism.	276	0.0%	12.3%	240	210
School of Nursing	5138-Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing	388	0.0%	0.4%	230	229
College of Social Sciences, Arts and Humanities	4501-Social Sciences, General.	61	1.7%	(2.2%)	260	266
College of Pharmacy and Pharmaceutical Sciences	5120-Pharmacy, Pharmaceutical Sciences, and Administration.	715	(7.7%)	(13.1%)	264	299
College of Social Sciences, Arts and Humanities	0502-Ethnic, Cultural Minority, Gender, and Group Studies.	18	14.5%	(14.3%)	255	291
College of Engineering (FAMU-FSU)	1435-Industrial Engineering.	44	5.9%	(14.9%)	469	539
School of Allied Health Sciences	5100-Health Services/Allied Health/Health Sciences, General.	881	11.4%	(16.8%)	221	258
School of the Environment	0301-Natural Resources Conservation and Research.	88	0.0%	(24.6%)	324	404
School of Architecture and Engineering Technology	0402-Architecture.	150	6.0%	(38.8%)	321	446
College of Education	1312-Teacher Education and Professional Development, Specific Levels and Methods.	90	(0.7%)	(41.8%)	256	363
College of Education	1304-Educational Administration and Supervision.	69	(0.5%)	(43.1%)	492	705
College of Pharmacy and Pharmaceutical Sciences	5122-Public Health.	74	(3.4%)	(50.4%)	518	780
College of Engineering (FAMU-FSU)	1407-Chemical Engineering.	51	(1.3%)	(84.8%)	383	707
	1410-Electrical, Electronics and Communications Engineering.	59	8.7%	(143.0%)	364	885
	1408-Civil Engineering.	59	0.6%	(247.1%)	506	1,756
College of Agriculture and Food Sciences	0101-Agricultural Business and Management.	43	6.1%	(260.8%)	372	1,341
	0100-Agriculture, General.	175	5.7%	(444.3%)	249	1,358

Source: FAMU program data and wage and benefit data. Note: engineering is a shared department with FSU; figures shown are not complete



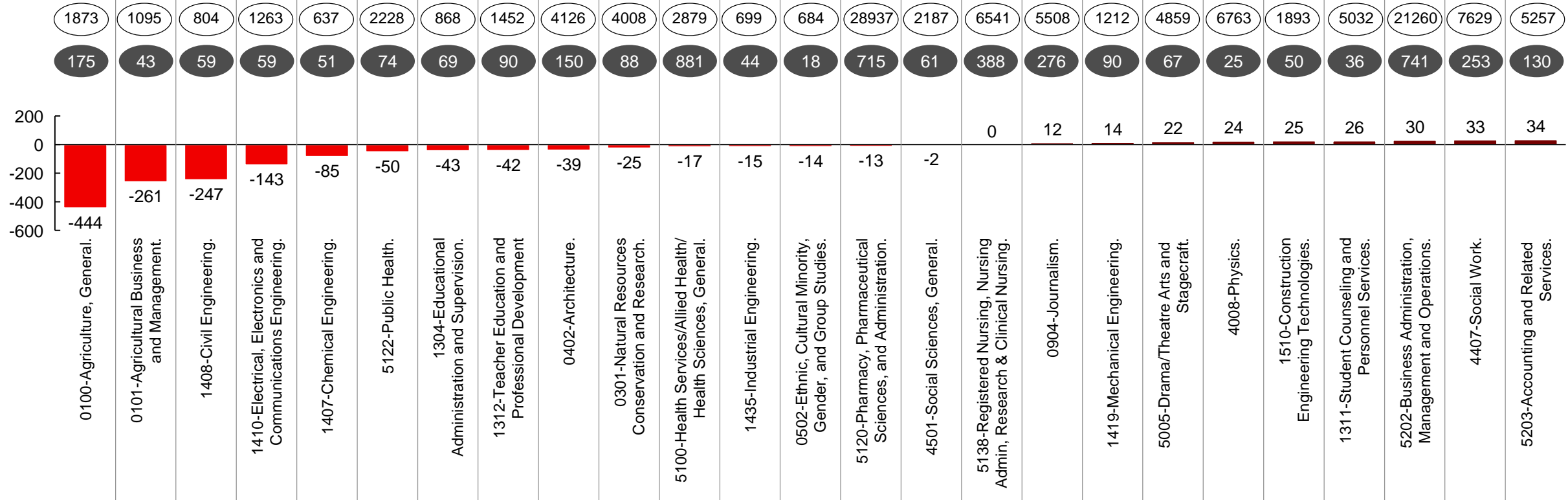
Schools vary substantially in their gross margins (1/2)

● Enrollment in Fall 2019

○ Student credit hours, #

■ Unprofitable ■ Profitable

Gross margin by department¹, %



Key Questions

- Why are there significant disparities in profitability by program?
- What is the best path forward for unprofitable programs (e.g., redesign, retire)

¹ Gross margin calculated using instructional costs only - faculty and staff salaries and benefits

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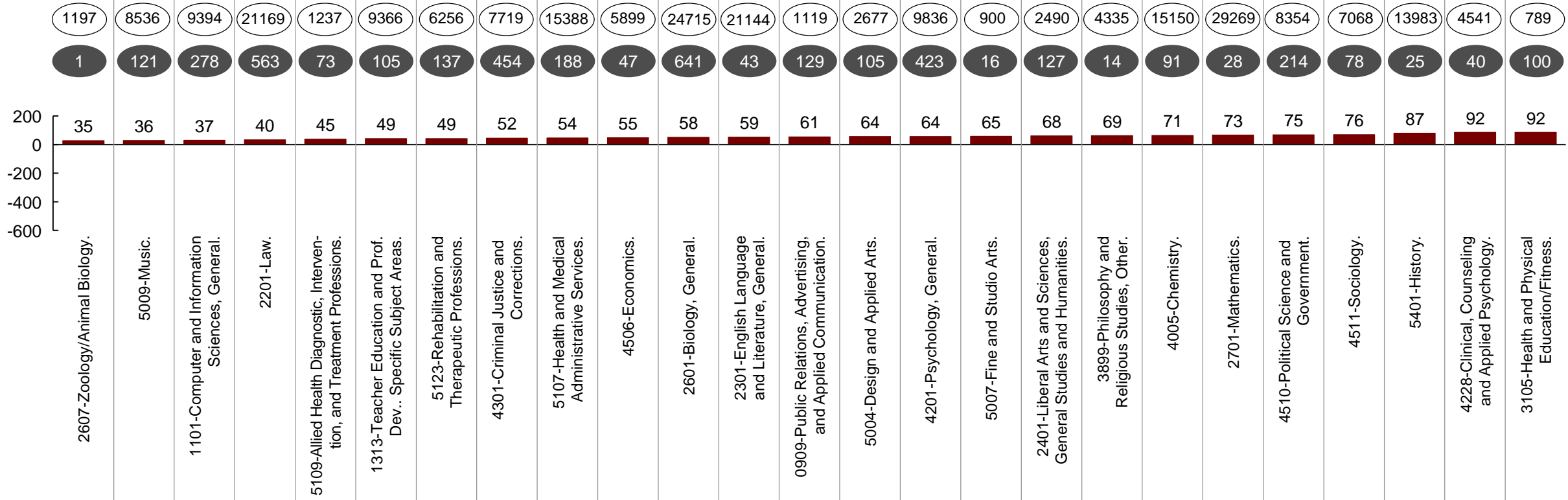


Schools vary substantially in their gross margins (2/2)

● Enrollment in Fall 2019
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Gross margin by department¹, %

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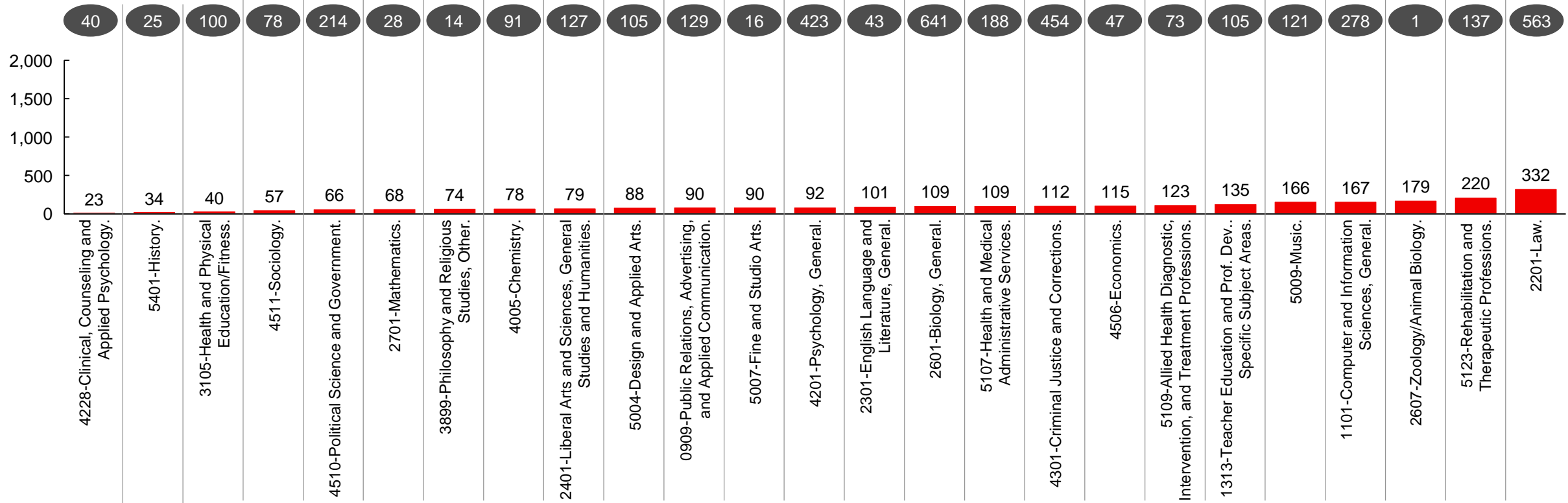
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Instructional cost also varies significantly by program (1/2)

Enrollment in Fall 2019

Instructional cost/SCH¹, \$



Key Questions

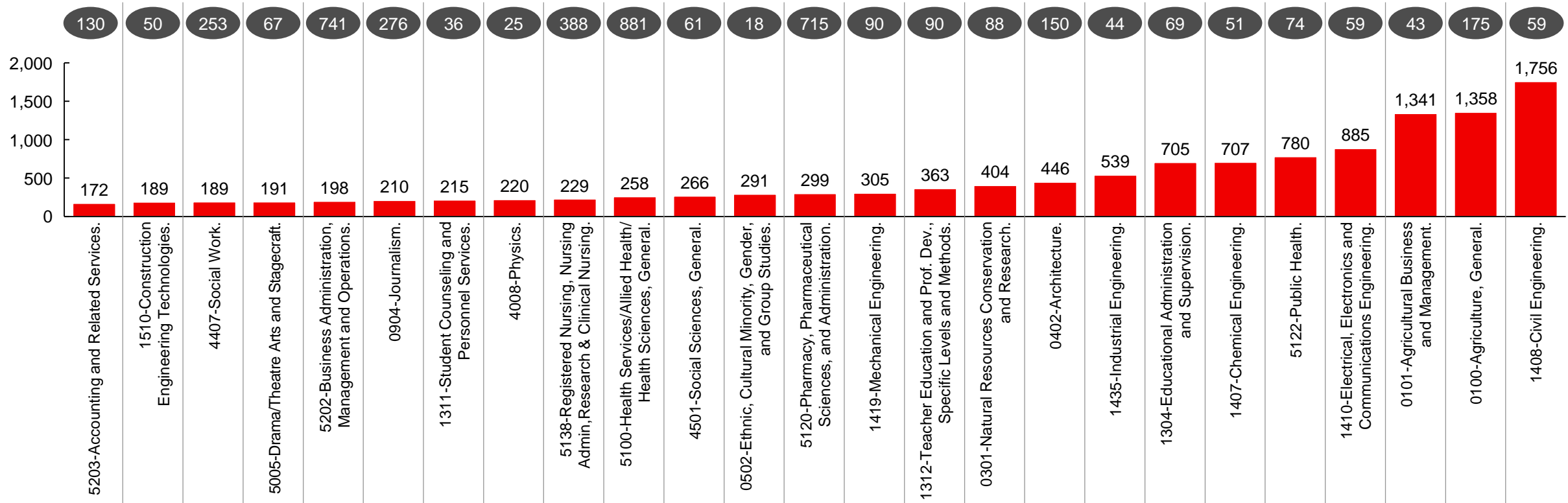
- What drives high instructional costs (e.g., specialized faculty, low enrollment)?
- What opportunities could help to resolve discrepancies across departments (e.g., combining sections)?



Instructional cost also varies significantly by program (2/2)

Enrollment in Fall 2019

Instructional cost/SCH¹, \$



Key Questions

- What drives high instructional costs (e.g., specialized faculty, low enrollment)?
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Several levers could be considered to optimize instructional cost (1/2)

ILLUSTRATIVE
EACH LEVER TO BE CONSIDERED ON ITS OWN MERIT, FULLY CONSIDERING NON-FINANCIAL IMPLICATIONS

NOT EXHAUSTIVE

	Levers	Total credit hour savings	Ease of implementation	Description
A Course and section optimization	① Consolidate sections	XX		Consolidate sections with additional capacity: Identify any courses that have multiple sections of student enrollment below max capacity and consolidate them into fewer sections
	② Address under-enrolled courses	XX		Review courses with especially low enrollment: After consolidating sections, identify any courses that still have low enrollment (<X% of course cap) and reconsider how often the course is offered
	③ Review course caps	XX		Increase course caps for mid-size classes: Increase course caps by X for courses with XX-XX students, and determine opportunities for consolidation incremental to what was identified in the section consolidation analysis
B Faculty workload	① Review instructional workload	XX		Identify the effect of having faculty teach to their contractual obligation: Calculate the difference between the number of credits a faculty member is contracted to teach (after accounting for course releases) and how many are actually taught
	② Assess course releases			Review course release policies across Departments: Compare the number of faculty course releases among departments and review the potential to make the release policies more equitable throughout the University
	③ Revisit sabbatical policy	-		Reconsider the number of sabbaticals to be granted each year: Compare the number of sabbaticals that are granted to faculty among departments and review the potential to make the policy more equitable throughout the University
Total credit hour savings		XX		
Total direct savings ¹ (\$) + credit hour savings		XX		

1. Dollar savings calculated based on adjunct/OL spend by department that can be reduced by utilizing the identified additional capacity



Several levers could be considered to optimize instructional cost (2/2)

ILLUSTRATIVE
EACH LEVER TO BE CONSIDERED ON ITS OWN MERIT, FULLY CONSIDERING NON-FINANCIAL IMPLICATIONS

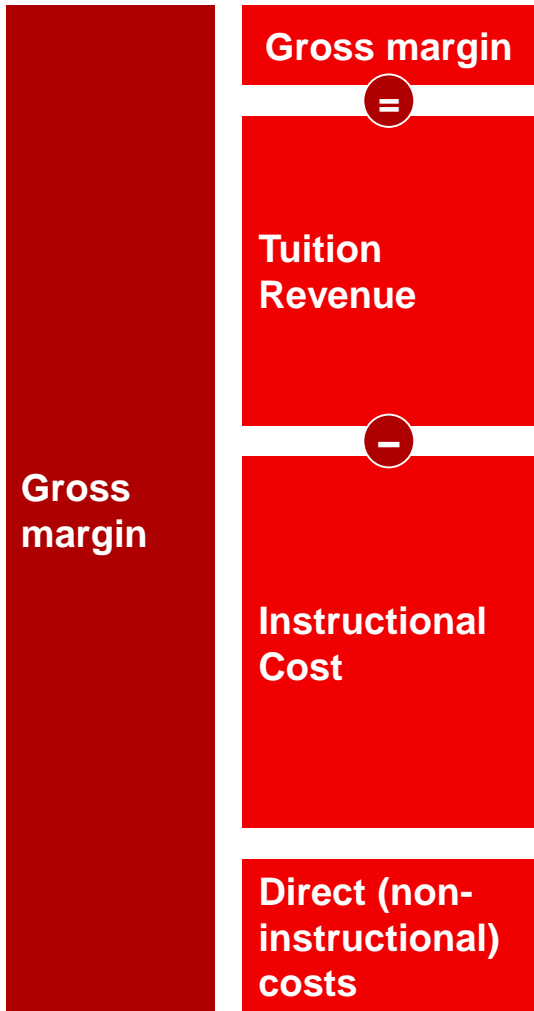
NOT EXHAUSTIVE

	Levers	Total credit hour savings	Ease of implementation	Description
C Faculty salaries and stipends	① Evaluate faculty salaries	\$XX-XX		Optimize faculty salaries relative to benchmarks: Compare average salaries against peer salaries to identify any savings opportunities
	② Review stipend policy	\$XX-XX		Review stipend allowance to align with teaching and research initiatives: Analyze the number, amount, and reason faculty are receiving stipends in each department and determine the potential to further standardize stipends throughout the University
D Additional levers	① Reconsider vacancies	\$XX-XX		Reconsider strategy for filling vacancies: Review open vacancies to determine opportunity to fill with existing capacity and/or non-tenure track instructors
	② Review faculty contracts	\$XX-XX		Review faculty contracts in programs with high excess capacity: Analyze the feasibility to use excess credit capacity created from other levers to reconsider certain non-tenure track roles
Total savings		\$XX-XX		

Easy to implement



Reference: Gross margin calculation



Drivers

- **Net tuition**
 - Net tuition revenue by program by student credit hours
 - Tuition + mandatory fees – waivers – all institutional aid
- **Student credit hours**
 - # of SCH taken within department including major and non-major students
- **Faculty costs**
 - Allocated gross faculty salaries and benefits
 - Stipends
- **Staff costs**
 - Instructional staff within a department, salaries and benefits
- **Student credit hours**
 - # of SCH taught within department
- **Other direct costs**
 - Non-instructional personnel tied to departments
 - Non-personnel departmental expenses