

 UNIVERSITY of DENVER	UNIVERSITY OF DENVER POLICY MANUAL FISCAL IMPACT	
<p><u>Responsible Department:</u> Office of Provost <u>Recommended By:</u> Provost, VC Business and Financial Affairs <u>Approved By:</u> Chancellor and Board of Trustees</p>	<p><u>Policy Number</u> 2.10.060</p>	<p><u>Effective Date</u> 6/8/2018</p>

I. INTRODUCTION

It is University policy to evaluate the financial impact of all new academic programs prior to their final consideration by the Board of Trustees. To ensure consistency in the review process, a common format as prescribed herein shall be followed. The fiscal impact analysis will assist senior staff and the Trustees in determining that a new program meets appropriate economic tests and provides sufficient benefits to the University to justify the undertaking.

II. POLICY OVERVIEW

A. Program Review

Proposed new programs first go through the review process of the faculty and appropriate area deans. Following the divisional review, undergraduate program proposals will go to the Dean of the College and to the Undergraduate Council; graduate program proposals will go to the Dean of Graduate Studies and Graduate Council.

Following Council review, proposals are to be forwarded to the Provost. The proposing academic unit in conjunction with the Office of the Provost will prepare a summary report in accordance with the procedures provided herein.

The summary report on each proposed new program will be transmitted by the Provost to the Trustees Faculty and Educational Affairs Committee and the Finance and Budget Committee for their respective reviews. The detailed proposals prepared by the academic unit are to be available to the Trustee Committees.

Recommendations from the Faculty and Educational Affairs and the Finance and Budget Committees will be forwarded to the Board of Trustees or the Executive Committee for final approval.

B. Content of the Program Proposal

The Provost and the Vice Chancellor for Business and Financial Affairs pursuant to the policy shall specify detailed guidelines and procedures for program proposals. All program proposals will follow a common outline and financial impact form.

The summary report presented to the Trustee Committees shall include information on the academic rationale for the proposed program and its relationship to the University's strategic objectives. The proposals will also contain a five-year financial impact analysis.

If a program is approved, the Office of the Provost will present to the Trustee Committees a report comparing the actual results for the program to the proposal. This report will be completed annually for the first five-years of the program.

III. PROCESS OVERVIEW

A. Guidelines for New Program Proposals

The Provost and Vice Chancellor for Business and Financial Affairs shall prescribe a common outline for the proposals and summary reports. However, the summary report that goes to the Trustee Committees should be no more than four to six pages in length.

The summary report should be in narrative form, including the Financial Impact Analysis as mentioned below in Section III B. The accompanying Financial Impact Analysis translates the narrative financial assessment into a budgetary format.

Financial projections need to be made for a five-year period.

Enrollment projections should be on the conservative end of a realistic range and should reflect net additional students (not simply students transferring majors). Approved new programs should be followed for a five-year period to determine the extent to which actual performance (e.g. enrollment) meets projections.

Full Time Equivalent ("FTE") conversion and attrition factors vary between undergraduate and graduate programs and among the various graduate units. The Provost's Office will provide the FTE conversion and attrition rates to use in projecting tuition revenues from your anticipated headcount enrollments.

Use the current year's tuition rate and salary levels for all five years of the analysis. This allows an assessment of financial impact to be made simply on the basis of levels of activity.

If you are proposing a new undergraduate major, financial aid should be projected at 30% of the gross tuition. If you are proposing a graduate program and requesting financial aid, it should be calculated in credit hour equivalents (e.g., 10-hours x Board-Approved Tuition Rate per hour).

If you are requesting a new graduate assistant for the program, include tuition waiver costs in your expenditure projections under "Other Expenses" on the financial impact analysis (e.g., 30-hours x Board-Approved Tuition Rate per hour for a full-time GTA).

Please be sure to consult with relevant academic support and administrative offices on campus as you develop your proposals.

B. Model Financial Impact Analysis

The Summary Report going to the Trustees shall contain a 5-Year Financial Impact Analysis. An example 5-Year Financial Impact Analysis can be found by following the link below.

http://www.du.edu/bfa/media/documents/proforma_financial_impact_form.xls

IV. DEFINITIONS

None