

Online Program Fee Budget Optimization Recommendations

March 2024

Project Scope

Process

We analyzed three years of data for all programs with online program fees to include student enrollment and courses taken, tuition and fees paid, centrally and locally funded scholarships, and program expenses (both central and local).

We then met with each college and program hosting programs with online program fees to learn more about their operating structure, resource needs, and future plans.

Findings

- Current revenue splits vary widely, from 50% to 100% of the fee revenue going to the host college and the remainder distributed to varying degrees to central university funds, academic affairs, the registrar's office, and educational technology services.
- Colleges feel strongly about maintaining revenue splits to incentivize online program development and enrollment growth. Moreover, there seems to be strong evidence that revenue splits have, in fact, incentivized innovative and thoughtful program development.
- Bachelor's programs and other programs with general education requirements outside of the host college are collecting online program fee revenue for courses taught outside of the host college.
- Some students in online programs are receiving central scholarships that exceed central revenue.
- Most programs are supported by faculty, staff, and operating expenses funded centrally. Expenses housed in local indexes to support online programs vary widely.
- Due to the unique nature of each program, a standardized revenue split model would likely lead to negative consequences.

Recommendations

- 1) All new proposed programs with online program fees will submit a revenue and expense budget pro forma, including proposed fee rates and revenue splits, for review and approval by the CFO and Provost's Office.
- 2) Revenue splits for online programs will be limited to revenue to the college and revenue to central university funds.

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- 3) Revenue splits for existing programs that have general education requirements, substantial central scholarship funds, significant central resources will be adjusted to increase the central revenue split while still providing sufficient resources to the college.
- 4) The Budget Office will review online program fee revenues and expenditures annually to ensure budget structures and practices support student success, program quality, and net revenue growth.
- 5) Implement [revenue split adjustments](#) on July 1, 2024. These have been discussed with and approved by all impacted colleges.