New Program Incubator and Seed Fund
November 2023

The purpose of the new program incubator and seed fund is to support units in launching new programs that will refresh and renew their curricula and enter into new educational markets. The Office of the Provost will support programs with a toolkit that walks them through a structured approach to program launch that includes market analyses and enrollment projections. A financial analysis of the costs of delivering the program will be undertaken and compared to the revenue generation potential found in the analyses.

A common barrier to new program launch is the up-front costs it takes for a program to start. In order to remove this barrier for programs that have the potential to be revenue generating, funds have been set aside to seed new programs and get them to viable operations.

CONCEPT: A concept brief is required to provide basic information about the proposed program. The concept brief is not intended to replace any of the existing processes of program approvals through Departments, Colleges, and the University. Instead, it gets some initial parameters about the program on paper that allows substantive conversations and analyses to be undertaken. Priority in the incubator will be given to interdisciplinary programs, though interdisciplinarity is not requisite for support in the incubator. Concepts need to get home department(s) and Dean sign off.

ANALYTICS: Once concepts are signed off, the Provost's Office will assist the units in developing a business plan for the new program. This will include:
Market analysis
Delivery considerations including modality and use of special sessions
Enrollment projections
Program financials
Break even analysis

Analytic results will be shared with the units involved, the Provost, and designees from budget and finance. With the analysis complete, a data-informed decision can be made about whether to proceed with the program proposal. If the program proposal proceeds, the established processes in the units commence and go through the usual approvals in the Colleges and faculty senate.

SEED FUNDING: There are several parameters that make a new program eligible for seed funding. 1.) The College and department must have an approved deficit reduction plan and be in good standing with that plan. 2.) The business plan suggests the program will be viable and will generate sufficient revenue to allow repayment of seed investment, or a feasible pathway for repayment is created and approved. 3.) There are funds available in the Seed fund. Seed investment will be provided on a case-by-case basis and is subject to the availability of funds. Units will make funding requests annually within the incubation period. All program costs are eligible for coverage, though must be justified and be direct expenses of the program launch. Programs will be required to work with the Provost's office on a financial analysis at regularly defined points of the program launch. Financial oversight will continue through the payback and replenishment periods. Startup investment may not be requested for programs operating in the black.

Payback period: After a *maximum* of three years of seed investment, programs will be expected to be self-supporting. Once self-supporting, programs will be expected to re-pay the initial investment plus a replenishment (see below). The payback is expected to be no longer than 5 years post-investment.

Sunset provision: If programs cannot cover their costs beginning, at the latest, in year 4, the department chair, Dean, and Provost's Office will review the program for long term viability. This period is roughly consistent with the faculty senate's probationary approval for new programs.

Replenishment period: After all borrowed funds are recovered, the program will enter into a replenishment period. In the ensuing 5 years, the Provost's Office investment fund will receive 5% of program net revenue. The purpose of the replenishment period is to rebuild the investment fund for future investments, assuming that some invested in programs will not realize the projections.

Department chairs and Deans will be asked to agree to these terms through a Memorandum of Understanding that will specify the specifics of borrowing and repayment.

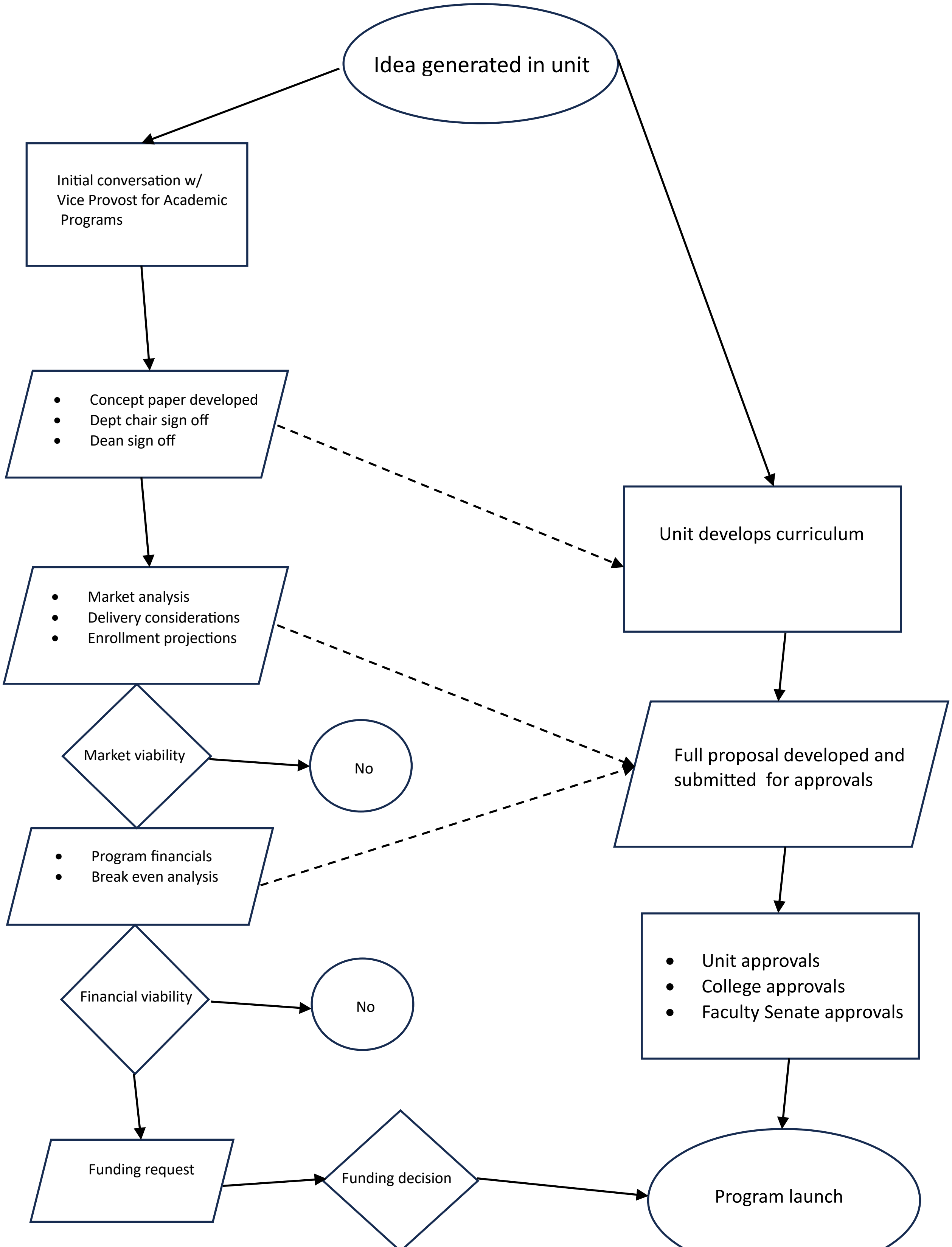
SUPPORTING MATERIALS

CONCEPT PAPER

A concept brief should be prepared, not exceeding 5 pages, answering the following questions (borrowed, with permission, and lightly modified from Marquette's materials):

- A description of the academic program.
- Identify how new program is consistent with the unit/college/university strategic plan.
- How the new program is consistent with the strength and core competencies of the department and/or college/school.
- Capability of college/department to deliver the new program with high quality.
- Program is not similar to or does not compete with a current or planned program within the university.
- Sustainability of program on a long-term basis.
- Are the characteristics of the new program distinctive from similar programs offered by the competition?
- General statement on student outcomes, market outlook and preliminary enrollment goals.
- Overview of all resource requirements both operating and capital.
- Likelihood of the program to be revenue generating.
- Potential to enhance the reputation and visibility of UD.
- Identify where the program would be administratively housed and any unit-level partners involved in the new program

PROGRAM DEVELOPMENT PROCESS FLOW



Program Costs

Costs

- School academic administration costs
  - Dean/Dept Chair, Business officer, department administration, and all program staff associated with administering academic side of house (salary + fringe)
  - Meted out in 2 buckets
    - 1st half of costs equally distributed among all programs
    - 2nd half of costs distributed proportionately among size of programs
- Program administrative costs
  - Program director
    - Salary + fringe for any teaching reductions, workload allocation, and/or administrative supplements
  - Instructional costs (may be able to simplify if use cost study and cost of instruction for unit)
    - Required courses
      - Salary + fringe for workload of faculty delivering these sections
      - *can be complicated if courses serve as required for multiple degree programs; would need to devise an allocation scheme
        - I have used a simple formula of who the PD is responsible for scheduling, they incorporate the expense, but this is rough
    - Supervision
      - Salary + fringe for workload (if faculty) supervising capstone projects, internships, etc.
    - Other
      - Any costs associated with accreditation or other programmatic expenses
    - Electives
      - This is where things get murkier; likely you know which courses You routinely have to have offered that students can opt for

Revenues

- Work with budget office to estimate within UDBM

New Program Incubator and Seed Fund – Background material
June 2023

Method: Interviewed principals at three institutions (Marquette, Georgia Tech, and Lehigh) that have or have had incubator/accelerator programs. Where available, also reviewed documentation. The three programs were all at different stages of implementation. Marquette and Georgia Tech have shuttered their programs. Marquette because the model was so successful, they now run all new programs through the same process, though only a subset receive the funding and funding model carve out. Georgia Tech because the parameters of their funding were satisfied and funds exhausted. Lehigh has just launched their program. Below I outline the broad parameters of the programs and then make a recommendation as to a feasible design for a UD incubator.

PROGRAM PARAMETERS

Program identification. Most of the programs were "ground up" approaches to new programs where units proposed a new program idea and pitched it to the incubator. It is unclear if these were direct pitches – where units went directly to the incubator, or if they were funneled through the College hierarchies.

At Georgia Tech programs in the incubator were generated centrally as response to the funding source. The tried to have a call for proposals, but state that approach did not work. The GT monies were from industry that wanted expanded capacity in workforce, so this approach made sense there.

The Stepping Blocks software could potentially be leveraged to identify needed programs where we have intellectual capacity but a clear gap in delivering graduates to meet regional workforce needs. So there could be a dual approach if desired at UD both bottom up with ideas from the units, but also some top down initiatives to meet workforce needs as identified through partners and/or existing resources such as Stepping Blocks.

Lehigh has a rule that each college can only have 1 program in the incubator at a given time, new initiatives within a College have to wait until the end of the incubation period ends, a program moves out of the program (they no longer need support of the incubator earlier than the end of anticipated incubation period), or move forward without the extra support offered.

Services. Both Marquette and GT offered a suite of services to assist in determining the viability of a program. These include, in some combination:
Market analysis
Enrollment projections
Program financials
Assistance with writing program proposal

Seed funding. The funding for both Marquette and GT were full program costs for up to three years. While there was no ceiling on the ask, the need must be justified. Lehigh has a $200,000 (total) no interest loan to programs.

In all of the universities, the incubated programs were carved out of the budget models for a period of time: Marquette 5 years after incubation and payback; GT covers program costs, but all revenues revert back to the funder unit (in this case it is their equivalent of PCS); at Lehigh it is 3 years (though no program has taken the loan yet).

At Lehigh there is a $50k grant for marketing for all programs in the incubator and faculty lines for the incubated programs are given high priority

Oversight. Marquette has close oversight until payback is over; they meet with programs for a deep financial analysis 3x/year. Though units have a lot of latitude to run their financials.

Incubation period. All used a 3 year window for incubation.

Sunset clauses. Both GT and Marquette identified that there need to be real and enforceable sunset clauses for programs that do not become viable after incubation. Both universities had to close down at least one program each – both citing the same reason: niche programs that just did not generate enough bodies to make the program revenue generating. Marquette's rule is that if the program is not financially viable in year 4 (1st year outside of incubation), it is shut down.

Payback and revenue share. Marquette has a payback period where programs must payback 100% of their borrowed costs before they get any revenue share. After payback period is over, moving forward expenses are taken out, revenue share is 50% college, 35% university, and 15% goes into the Provost's fund; revenue share is not in perpetuity (though length of share was not stated).