

UW FLEXIBLE OPTION:

# CBE BUSINESS PLAN DEVELOPMENT

## INTRODUCTION

This budget planning guide equips program architects and financial planners with tools to develop a well-considered business plan specific to competency-based education (CBE). This guide draws on lessons learned during the establishment of the UW Flexible Option (UW Flex), a [direct-assessment CBE](#) program offered through the University of Wisconsin System, a large public university system.

The business model governing UW Flex is designed to recover ongoing costs through tuition. Costs include marketing, recruitment, faculty-led content development and assessment, instructional design, student services, and academic program management. Investments of funds, staff, and enrollment management and technology resources cover initial start-up costs. Revenue sharing begins after an academic program becomes self-supporting and generates revenues beyond expenses. This is designed to occur within five years of initial enrollments. Revenue sharing also supports reinvestments such as curricular revision and the development of additional academic programs.

The business plan estimates expenses and revenues to develop and run UW Flex programs. The business plan also provides a vehicle to communicate the vision and share financial assumptions, responsibilities, and projections for likely enrollment scenarios.

The plan serves as a model for the [business plan template and outline](#).

## THE UW FLEXIBLE OPTION BUSINESS PLAN: MAPPING COSTS AND REVENUES

UW-Extension and UW System senior leaders drafted the business plan in consultation with leaders of the UW institutions developing the first UW Flexible Option programs for launch in fall 2013: UW Colleges, which includes the 13 two-year campuses in UW System, and UW-Milwaukee, one of the system's 13 four-year campuses.

The business plan describes the roles, functions, systems, and personnel required to ensure the efficacy, financial solvency, and program quality essential for student success. The plan also includes the assumptions and projections supporting a case for scalability of academic offerings, operations, infrastructure, and enrollments and thus viability of this program revenue model.

The distinctive public system collaboration used by UW Flex depends on each organization playing specific roles described in the business plan:

- UW System Administration investing substantial funds to cover program start-up costs.
- UW-Extension providing centralized program leadership and enrollment management and technology functions such as recruitment, admissions, registration, billing, financial aid, veteran benefits, and advising (both to create a unified set of business processes and to make substantial savings possible as UW Flex matures).
- UW campuses providing academic direction and oversight for academic programs offered within the UW Flexible Option framework.

Regents granted UW-Extension a select change of mission, authorizing it to award its own degrees in the CBE format. In June 2016, the [Board approved the UW Flexible Option Bachelor of Science in Business Administration](#). For degrees awarded through UW-Extension, UW-Extension faculty provide academic oversight. Other partnership roles remain the same.

Three ad hoc advisory groups vetted, helped revise, and approved the initial business plan during the 2012-13 academic year:

- An administrative advisory group including senior-level representatives from several UW institutions, including participants in UW Flex and others.
- An academic advisory group composed of faculty and instructional academic staff from across several UW institutions, who developed principles for UW Flex curricular integrity, rigor, and quality.
- An operations advisory group that developed enrollment management and technology and student services parts of UW Flex.

The business plan remains a working document that serves as a roadmap for new UW Flex programs.

As for any business plan, expenses and revenues constitute the key components. UW Flex expenses include human resources, capital, and facilities; revenues include institutional support, program revenue in the form of tuition, and grant support. These components are outlined below. In addition, this guide highlights UW Flex experiences and innovations to meet the fiscal goal of self-sufficient and scalable programs within three to five years of enrollment.

## PROGRAM EXPENSES: WHAT WILL IT COST?

UW Flex leaders projected expenses based on an analysis of the expected student life cycle from initial consumer interest through graduation. The UW Flex business plan incorporates expenses for human resources, capital, and facilities in three areas detailed below: academic process, student success process, and program management.

### 1. Academic Process Expenses

The business plan reflects how a direct assessment CBE educational model differs from traditional online or classroom programs through its description of academic functions related to UW Flex curricular development, delivery, and maintenance. Some functions are centralized at UW-Extension; partnering campuses cover other functions. Descriptions below indicate whether related human resources are based centrally or campus-based, and whether those roles are new or compatible with existing roles.

For this cost-recovery program, costs are reimbursed first from initial start-up funds, and from program revenues.

Human resources necessary for the academic process include academic program leadership, faculty (for competency and assessment development, grading, and revision), academic and student support, and support for faculty.

#### **Academic Program Leadership (existing faculty filling a new role at partner institutions)**

The business plan includes the equivalent of one highly skilled, full-time employee at each partnering institution to serve as the program lead and academic issues point person for each program. Expectations are that this person is a tenured or tenure-track faculty member adept at working with faculty to build curricula and well versed in academic governance and academic approval steps.

#### **Competency and Assessment Development, Grading, and Revision (generally, existing faculty at partnering institutions filling additional new roles)**

The business plan notes faculty compensation differences for their nontraditional roles in UW Flex. It also recognizes that faculty retain authority over the

curriculum, as they do for all UW academic programs. Faculty roles include:

- Establishing clear competency statements describing what students are expected to learn and be able to do.
- Creating competency-focused assessments and grading standards (rubrics) that establish students' mastery of a competencies.
- Grading overseen by faculty.
- Curating content (identifying publicly available materials or creating their own materials where none exist) that guides and supports students as they prepare to complete assessments.
- Revising approximately one-third of the curriculum each year to ensure materials remain up-to-date.

#### **Academic and Student Support (new centralized role)**

The business plan allocates one [Academic Success Coach \(ASC\)](#) at a central UW-Extension location for a predetermined maximum number of students in one academic program. A signature UW Flex role, the ASC blends academic and non-academic support. Responsibilities are:

- Academic advising, which includes developing an individualized learning plan with each student and proactively helping him or her navigate each step of the student life cycle.
- Providing academic support, which includes helping students prepare for assessments as they progress toward their degree. ASCs convey feedback on faculty-graded assessments, guide students to faculty-curated content, and guide students to writing and quantitative-reasoning support when needed.
- Success coaching, which includes support such as for time management, financial planning, and accessing additional academic and student support resources.

#### **Support for Faculty (new centralized roles)**

Centralized support for faculty includes the following:

- Instructional design to support faculty in reviewing, evaluating, and, if needed, developing open courseware and other academic content, as well as to provide ongoing support to the program.
- Developing an assessment process, including assessment models, policies, and procedures, as well as a system for maintaining high-quality, up-to-date assessments and assessment practices.
- Consulting to support faculty as they develop competencies and assessments and to provide ongoing support to the program.

## 2. Student Success Process Expenses

This section enumerates the various centralized human resources costs, as well as the significant capital investments in the form of IT systems necessary to meet the requirements of UW Flex.

The student success process in UW Flex contains functions, units, and roles similar to that of traditional academic programs aimed at nontraditional students. Some operations, functions, and roles are more complicated due to the multi-institutional, direct assessment, competency-based identity of UW Flex. [The Enrollment Management and Technology section](#), under development on this website, provides more detail.

### Marketing and Recruitment Support (new centralized roles)

The UW Flex business plan includes an annual allocation of funds for program marketing, media buys, and funds for a specialized marketing and recruitment team with the following responsibilities:

- Coordinating marketing campaigns targeted at nontraditional student populations.
- Producing benefit-driven materials for various marketing and communications campaigns.
- Following up on leads generated through marketing campaigns, with the expectation of moving a predetermined number of students per year to admissions and registration. The business plan calls for hiring additional adult student recruiters when warranted by the number of leads generated.

### Enrollment Management and Technology Support (new centralized roles per the business plan)

These support cost estimates are based on industry-standard staff-to-student caseload ratios for adult learners. Roles and responsibilities include:

- Admissions staff managing the processes for evaluating prospective students for admission into UW Flex degree programs and also reviewing and providing academic information to prospective students.
- Financial aid staff managing the processes for awarding financial aid to students, advising students regarding financial aid, and reviewing requests for financial aid.
- Registrar staff managing the processes for academic records; monitoring academic policies, procedures, and curricula; and maintaining student records.
  - Bursar staff managing the processes for billing, collecting, and disbursing fees and funds.

Additional enrollment management and technology support detailed in the business plan includes learning analytics expertise dedicated to the measurement, collection, analysis, and reporting of data about learners for the purpose of understanding and optimizing learning in the UW Flexible Option environment. The special challenges around student learning metrics and data collection and analysis in a CBE environment built for nontraditional students are addressed in

[“Measuring What Matters: UW Flexible Option’s New Path: Measuring Success from a Student Vantage Point,”](#) published to “Handbook of Research on Competency-Based Education in University Settings,” edited by Karen Rasmussen, Pamela Northrup, and Robin Colson. Copyright 2017, IGI Global.

### Capital Investment: Information Technology Infrastructure

The business plan estimates funds for the purchase or development of infrastructure, covered by initial investment from UW System, as well as for annual maintenance, to be covered by program revenue as UW Flex matures. Funds were needed to purchase or develop a student information system (SIS), a learning management system (LMS), and a customer relations management (CRM) system.

Estimates proved difficult due to differences between direct assessment CBE and traditional academic models.

UW Flex IT staff investigated various options to find an SIS, LMS, and CRM. They searched for third-party modifications of traditional programs, considered in-house modifications of those same systems, and concluded that only a radical move away from established IT solutions would allow for effective support of students and staff. As a result, they reallocated resources to modify CRM software to function as an SIS, and adapted the current LMS used across all UW institutions.

For details on the UW Flex challenges and solutions around IT systems, read the [Enrollment Management and Technology section of this website](#).

## 3. Program Management and Facilities Expenses

The UW Flex business plan identifies costs of supporting centralized services (those offered through UW-Extension versus institutional partners) necessary for this program. This section includes both human resources and facilities costs housed primarily at UW-Extension, albeit in service to all UW Flex programs offered across the UW System.

### Program Support (new centralized roles)

Additional human resource costs required to support UW Flex degree and certificate programs across the UW System include staff with the following responsibilities:

- Planning, coordinating, and implementing all enrollment management and technology aspects and activities of the UW Flexible Option initiative in accordance with UW-Extension strategies, commitments,

and goals, as well as within stated timelines and on budget.

- Providing legal advice on program integrity compliance, financial aid regulations, and other state and federal regulations.
- Assisting in the areas of program accounting, budgeting, forecasting, analysis, and reporting.
- Supporting staff recruitment and human capital management. (Given the large number of new positions enumerated throughout this document, especially at the outset of UW Flex launching multiple degree and certificate programs at once, this is an active human resources role.)
- Creating and maintaining configurations of software to meet business needs.
- Analyzing IT infrastructure/systems to identify, evaluate, develop, and maintain technologies, applications, and configurations to meet business needs and to support UW Flex programs across the UW System.
- Providing technical support to employee users of computer software and hardware.
- Providing, via a student help desk, effective and timely technology support of learning management systems to students and faculty.

### Facilities Investment

Facilities and infrastructure costs for UW Flex employees include:

- IT-infrastructure equipment
- Employee computer, phone, and workstation
- Leased facility space

## PROGRAM REVENUES: HOW WILL WE PAY FOR IT?

The UW Flex business plan describes funding sources for start-up and ongoing expenses during the first five years:

- Program revenues from tuition
- UW System support
- UW System investment
- UW-Extension investment
- Additional investment, loan, or grant needed

The business plan lists substantial investments on the part of UW System and UW-Extension to support initial development costs, such as providing project leadership and centralized support at UW-Extension, funding curriculum and assessment development at partnering institutions, and allocating money for IT systems.

Additionally, [Lumina Foundation awarded UW-Extension and UW System a grant of \\$1.2 million](#) to support the telling of the UW Flexible Option “story” to provide guidance to other universities interested in building similar programs.

The business plan reflects that program revenues are the primary method for funding ongoing expenses to ensure that UW Flex recovers costs and becomes self-supporting.

The primary program revenue source is tuition, which depends on enrollment. Enrollment, in turn, is impacted by program selection. Key decisions in these areas support revenue. Those topics are discussed below.

### 1. Tuition Pricing and Subscription Period Length

The UW Flex business plan references market research informing pricing and subscription decisions.

The plan describes a market research survey of potential students (returning adult students with some college but no degree), who indicated broad interest in a subscription period of two to four months. Given the modular nature of the UW Flex curriculum, students were expected to progress through the competencies at a rate higher than the 15 weeks allotted to the traditional course. A four-month (16-week) subscription period seemed too long for the UW Flex curriculum and might encourage procrastination. A two-month subscription period seemed too short for reasonable progress. The three-month subscription period, however, provided the appropriate time frame and balance between the other two options.

The business plan also describes how pricing is based on market analyses of other UW institutions and other colleges and universities offering online and CBE programs to nontraditional students.

As of summer 2016, students can master as many [competencies](#) and pass as many assessments for a flat tuition rate of \$2,250 during a subscription period (all-you-can-learn option). A subscription period is three months for all programs except for the six-month Online Substance Use Disorders Counselor Certificate program, which differs to align with state licensing. Another option allows students to master a predetermined amount of competencies for \$900 during a three-month subscription period (single competency option). The all-you-can-learn option provides students with access to open academic courseware and content, specialized student support services including individualized advising and coaching, curated and created content, and competency-based assessments. The single competency tuition model allows students to register for only one competency, or course equivalent, at the beginning of each subscription period. Created to meet needs of students receiving employer-based financial aid in a course-equivalent structure, the single competency option is chosen by a minority of students.

## 2. Enrollment Estimates

Two sources of historical data available through UW System institutions inform business plan enrollment projections:

- Traditional online degree programs that UW-Extension previously launched through institutional partnerships to centralize certain administrative functions.
- On-campus and distance-education enrollments for the first programs that would be offered through UW Flex.

The business plan anticipates UW Flex enrollments approximating the trajectory of traditional online programs in comparable fields, which experience a three-year period of rapid initial growth followed by a longer period of more moderate growth or steady enrollments. The business model also factors in general economic indicators, as enrollments tend to increase in times of relatively high unemployment as people retool their skill sets to fit the emerging job market and, conversely, weaken when overall unemployment drops.

## 3. Program Selection

The business plan calls for a limited range of UW programs that meet the greatest demands for higher education in Wisconsin and throughout the country. These high-demand areas include information technology, health care, and business and management.

The first cohort of UW Flex programs includes four from UW-Milwaukee and one from UW Colleges. UW-Milwaukee offers an R.N to B.S.N. degree-completion program, a bachelor's degree-completion program in Diagnostic Imaging, a bachelor's degree in Information Science and Technology, and a certificate program in Professional and Technical Communication. UW Colleges offers the Associate of Arts & Science degree (AAS). Additionally, since the AAS is designed as a general education transfer degree, students can take an array of general education and

liberal arts courses that meet the general education requirements of the four-year degree programs offered through UW Flex and throughout the UW institutions.

Programs currently available are described at [flex.wisconsin.edu](http://flex.wisconsin.edu).

## 4. Net Revenue-Sharing

The business plan notes that net revenue-sharing is a financial goal, with the expectation that all UW Flex tuition collected would be used to pay for academic activities and program support costs prior to net revenue-sharing. The financial goal is for each individual UW Flex program to be self-supporting through program revenue within three to five years of enrolling students. Revenue generated beyond break-even would be distributed, with two-thirds to the degree-granting institution and one-third to UW-Extension.

## 5. "Worst Case" versus "Likely Case" Scenario Building

The business plan builds in "worst case" and "likely case" pro forma cash flow models to address some of the uncertainties inherent in making enrollment and revenue predictions on a new type of program. Enrollment and revenue scenarios vary, but all expense estimates remain the same between these two cash flow models.

*Complementary business planning tools are available in the Budget section of this website under "More detail."*

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