

**EUCEN Fall Seminar:**

**Financial Sustainability for the Future of  
Continuing Education: Key Strategies and  
Solutions**

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- I. Trends: Identifying the Challenges**
- II. Case Studies: Sample Solutions**
- III. Where to Focus your Efforts**

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## Long-term Trends in Higher Education are Threats to Financial Sustainability

1. The decline of the traditional student
2. Cost of attendance
3. Public disinvestment in higher education
4. Internal and external competition
5. Return on Investment mindset
6. Disruptive unemployment

## Internal and External Competition

### Problem:

Internal -- As financial pressures increase, departments within a university compete for students/resources/funding.

External -- The pressures on traditional education provide opportunities for others (MOOC providers, for-profit companies, peer universities, etc.)

### Solution:

Innovate, Evolve, Collaborate

## Return on Investment Mindset

### Problem:

Students and parents are questioning the value of a college degree and tying it to employment and salary. STEM programs are growing; humanities programs are declining.

### Solution:

CE non-degree, flexible, outcomes-based programs. But also create interdisciplinary programs, reallocate resources, create balance

## Disruptive Unemployment

### Problem:

The United States is changing from a national, analog, industrial economy to a global, digital, information economy. Jobs are increasingly being lost to automation.

### Solution:

Education can no longer focus only on young people and preparation for life. Americans need to reskill and upskill across our whole lifespan.

## II. Case Studies--Overview of Revenue-producing program enrollments

MOOCs  
2.8M BerkeleyX  
enrollments



55 BerkeleyX courses  
28,000 Verified (paid) enrollments  
Marketing Analytics Xseries: 74,000  
enrollments/3,500 students completed(5%)

Degrees  
522 students



MPH: 192  
MIDS: 330

Certificates and Individual Courses  
14,500 enrollments



Extension: 12,500  
Summer Sessions: 2,000

## Berkeley Continuing Studies: Top 12 Countries of Origin (Spring 2017)

China	349
Norway	87
France	37
Singapore	35
Brazil	32
India	29
South Korea	27
Taiwan	27
Saudi Arabia	23
Germany	19
Spain	18
Japan	15

## Case Study: Sociology Department

Why Norway Brings Almost as Much Revenue as China

## Case Study: Berkeley Haas Global Access Program

- New opportunity for international university partners to send top undergraduate and graduate students who are interested in business, entrepreneurship and innovation
- Provides unique access to Berkeley-Haas faculty and courses, the Berkeley experience, and networks within the innovation ecosystem of the Bay Area and Silicon Valley
- Offers both rigorous academic instruction with a Silicon Valley immersion experience for international students.

## Berkeley Haas Global Access Program

- 3 Tracks offered for 1 or 2 Semesters per cohort of students:
  - Undergraduates:
    - Business-Major
    - Non-Business Major Tracks
  - Graduate Business Students
- Key Elements
  - Extension courses
  - Enrollment services (registration, transcript, certificate)
  - International Student Services
  - Enhancements (career coaching, professional development, company site visits, student networking)

## III. Where to Focus Your Efforts

### Strategies to Prepare for the Decade Ahead

1. Help your existing students succeed
2. Increase affordability and accessibility
3. Be clear on what you have to offer
4. Financial and Market Analysis

## Financial and Market Analysis

1. An initial financial model will drive the kind of market analysis performed
  - a. A program with many assumptions and long breakeven dictates more rigorous research
2. As such, the cost and time investment can vary greatly depending on the nature of the program
  - a. Good market research begins with framing the right questions or objectives
  - b. The research will reduce uncertainty, but even then there's a range of outcomes
3. In some cases, the best data comes from launching new programs quickly and gathering data
  - a. So long as a department is willing to fail fast or adapt, the time spent will be better used with real experiments than theoretical data
4. Ongoing market analysis is equally important to success
  - a. Even the best market research can be wrong; the best programs incorporate constant feedback

## Why do we need Financial Modeling?

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### Validate Opportunity

- ▶ Does business model make sense? Is it even realistic?
- ▶ Raises to the surface factors, expenses, etc. that have not been considered

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### Explore Return on investment (ROI)

- ▶ Years to break-even; Net Present Value (NPV); Internal Rate of Return (IRR)
- ▶ Helps compare with other competing projects

3

### True Costs

- ▶ How much is it really going to cost? Do we have the money? When do we need it? Can we get it?
- ▶ Raises questions about timing of investment, opportunity cost and organization capacity

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### Sensitivities

- ▶ How sensitive are our assumptions? What happens if we miss our enrollment target by 10%?
- ▶ Raises critical risks that need to be managed

## Characteristics of a Good Financial Model

- Easy to change assumptions and see the bottom-line impact
  - What happens to profit if enrollments are 10% lower than expected?
- Provides year-by-year revenue and cost projections
  - When will revenues first exceed costs?
- Communicates program economics effectively for decision makers
  - In what year do we recoup our investment?
  - How many enrollments must we achieve to do that?
- Accounts for all direct and “indirect” costs
  - What is the value of all the time consumed by university faculty staff outside the program during its development and ongoing delivery? Is that all included?

## Start with Easy and Low Risk Option

	Growth Stages	Benefits & Fit	Achievable Revenue Date	
Complexity, Cost, and Risk	Open classroom space for existing concurrent students	<ul style="list-style-type: none"> <li>• Feasible for any academic unit</li> <li>• Relatively light administrative burden</li> <li>• Quality students already in pipeline</li> </ul>	Spring 2017	Achievable by most
	Open new sections	<ul style="list-style-type: none"> <li>• Fast growth for many academic units</li> <li>• Easy quality control</li> </ul>	Fall 2017	
	Open new courses	<ul style="list-style-type: none"> <li>• Expand pool of electives for smaller units</li> <li>• Enhance experience for current students</li> </ul>	Spring 2018	
	Create standalone programs	<ul style="list-style-type: none"> <li>• Large, premium programs for professional schools</li> <li>• Opportunity to create unique experiences</li> <li>• Extension can grant certificate for added value</li> </ul>	Fall 2018	Achievable by some
	Create SSDP	<ul style="list-style-type: none"> <li>• Prestige offering for large professional schools with robust administrative structures</li> <li>• Powerful network effects</li> </ul>	Fall 2020	

## Discussion

What are your biggest concerns?

What do you see as major opportunities?

What are the risks or limitations for your unit?

Sources:

Attis, David. "Addressing the top 5 threats to financial sustainability" *EAB Academic Affairs Forum*, January 17, 2017

Levine, Arthur. "Rethinking Educational Access" *Inside Higher Education*, Nov 6, 2017.