

GRAYASSOCIATES

Data • Insights • Strategy

Kentucky Program Portfolio Strategy



August 23, 2019

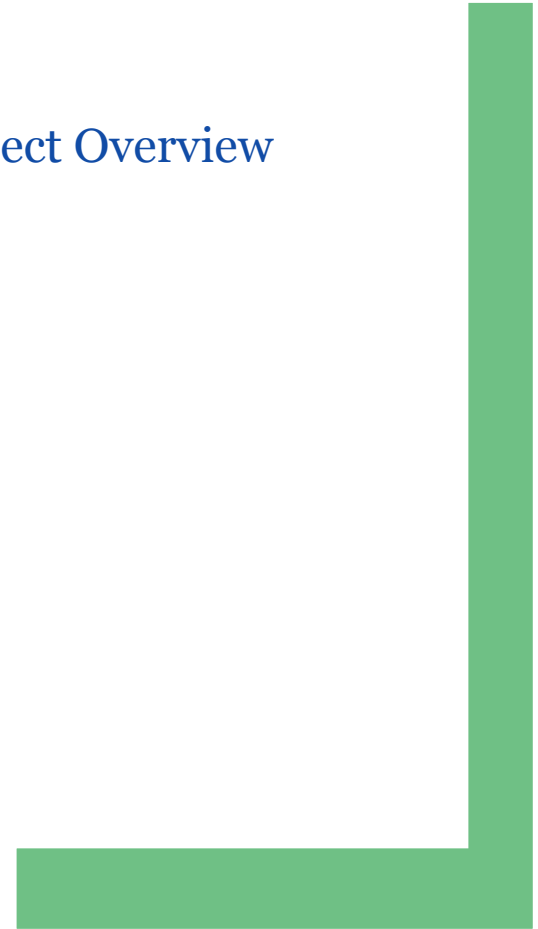
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I. Program Portfolio Strategy Project Overview

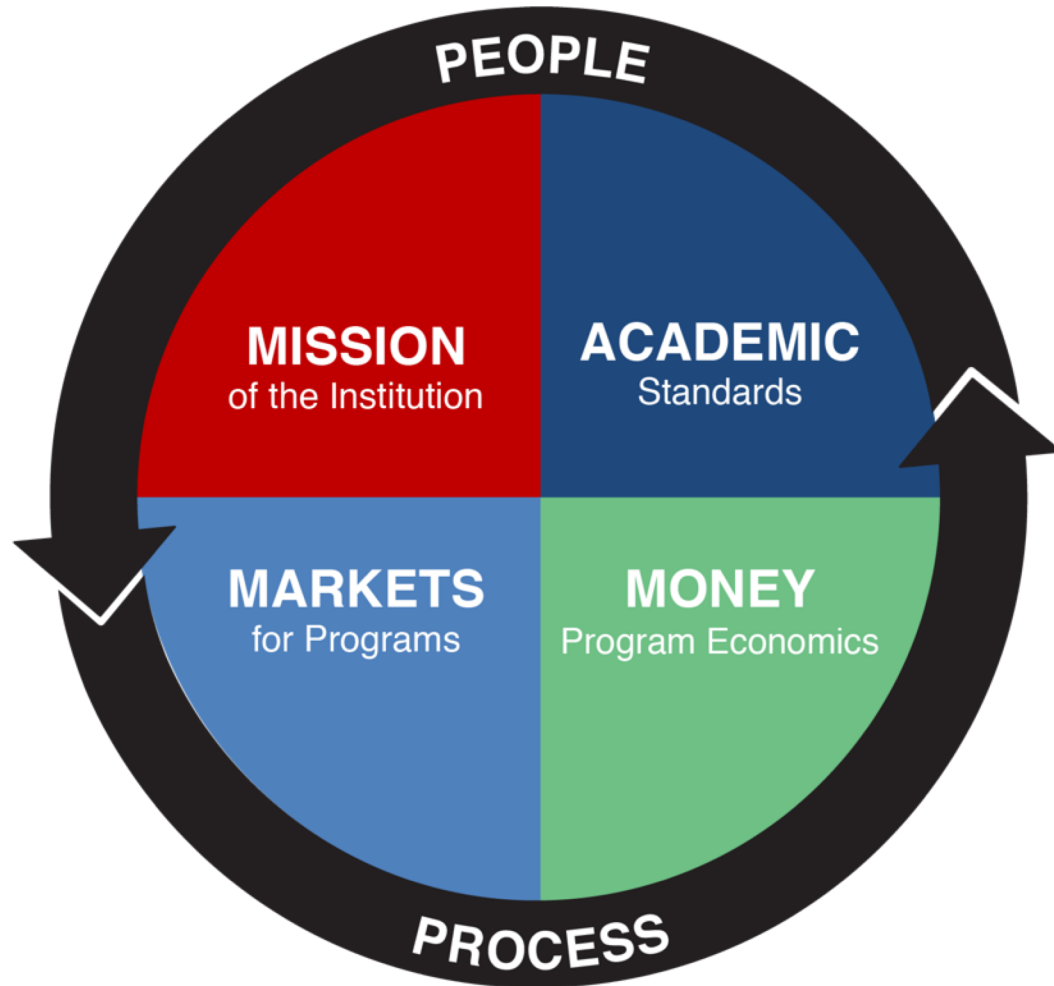
II. Project Components

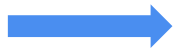
III. Timeline

IV. Next Steps



Gray will assemble the data on Markets and Money to inform your program decisions.





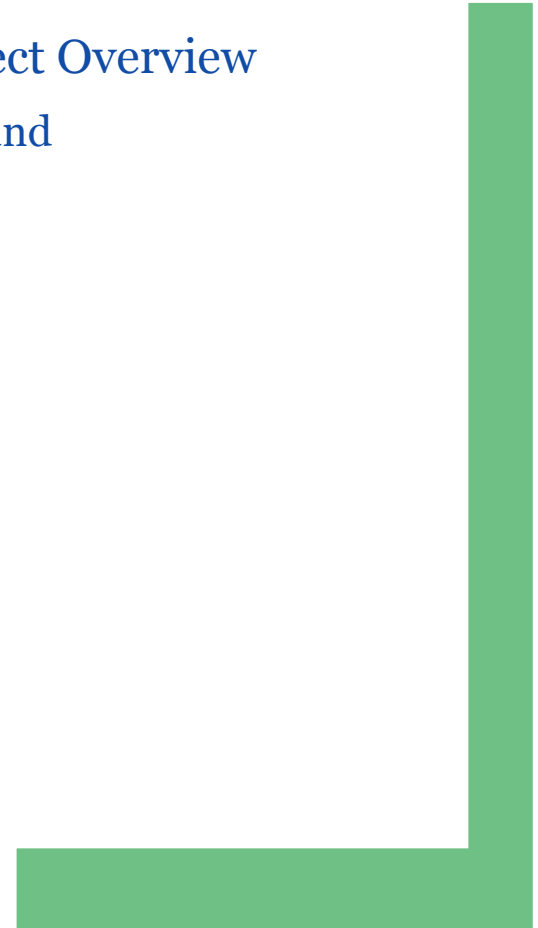
I. Program Portfolio Strategy Project Overview

- Project Introduction and Background
- Gray Team
- Project Objectives and Scope
- Outcomes and Deliverables

II. Project Components

III. Timeline

IV. Next Steps



Gray is excited to support Kentucky's efforts to develop and systematize an effective program portfolio approach as it moves forward to deliver 60x30.



Bob Atkins
CEO and Founder

*Kentucky Council on
Post Secondary Education*



Mary Pahissa Upchurch
Senior Partner

*Kentucky State University
Murray State University
Northern Kentucky University
University of Kentucky*



Steve Probst
Senior Partner

*Eastern Kentucky University
Morehead State University
University of Louisville
Western Kentucky University*

Gray Team Members & Extended Partners **GRAYASSOCIATES**

These team members will be actively working in specific project areas.



Pete Starrett

Program Economics Lead



Zach Paz

Market Analytics Lead



Elizabeth Atkins

Analyst



Seth Houston

Analyst



David C. Armstrong, EdD, CPA

Director

Gray's partner, BKD, is a national CPA and advisory firm who will develop Program Economics for the universities supported by Mary.



Nick J. Wallace, CPA

Director

CPE seeks to conduct a state-wide review of the academic program portfolios.

- The institutional review process will cover Kentucky's eight public universities.
- It should address the needs of both students and employers.
- The review will answer the following questions:
 - Which programs are operating well?
 - Which programs need to be improved and what resources would be required?
 - Which programs are no longer needed in their present form?
 - Which programs are needed but not presently offered?
 - Which programs are unnecessarily duplicated across campuses/institutions?
- Gray will support each University and CPE by:
 - Providing comprehensive data to analyze and compare all IPEDs programs in custom markets
 - Creating a Program Economics Platform to calculate cost, revenue, and margins at the program and course level
 - Offering tools to track program performance
 - Engaging each leadership team and key stakeholders to build consensus on program decisions
 - Completing a Program Planning Model to help understand the impact of program decisions on enrollment, completions, and demographic targets
- Discussion will focus on the baccalaureate level, with data provided for all award levels.

With continued support from Gray over the next three years, Kentucky CPE will update the program approval and review policies to reflect these new data sources.

Gray Deliverable	CPE Objectives
Program Evaluation Software	<i>Provide comprehensive data to analyze and compare all IPEDs programs in custom markets</i>
	<p><i>Understand cost, revenue, and margins at the program and course level</i></p> <ul style="list-style-type: none"> • Start: Which programs are needed but not presently offered? Identify student and/or market demand not met by current programs • Sustain/Grow: Which programs are operating well? • Fix: Which programs need to be improved, with what resources? • Sunset: Which programs are no longer needed in their present form? Operationalize the definition of “unnecessary duplication” • Standardize: Standardize the determination of program net costs
Program Economics Platform	
Program Workshop	<p><i>Build consensus and secure buy-in from key stakeholders regarding program decisions</i></p> <ul style="list-style-type: none"> • Consistency with institution's mission • Alignment with the objectives outlined in the Strategic Agenda • Elimination of unnecessary duplication of programs • Efforts to create cooperative programs with other institutions

Gray Deliverable

Program
Planning
Model

CPE Objectives

Track program performance: mission, academic outcomes, market demand, and economics

Understand the impact of program decisions on enrollment, completions, and demographic targets

- Identify post-graduation outcomes
- Identify student and/or market demand not met by current programs
- Provide benchmark data across institutions within the state
- Analyze the public institution's area of geographic responsibility

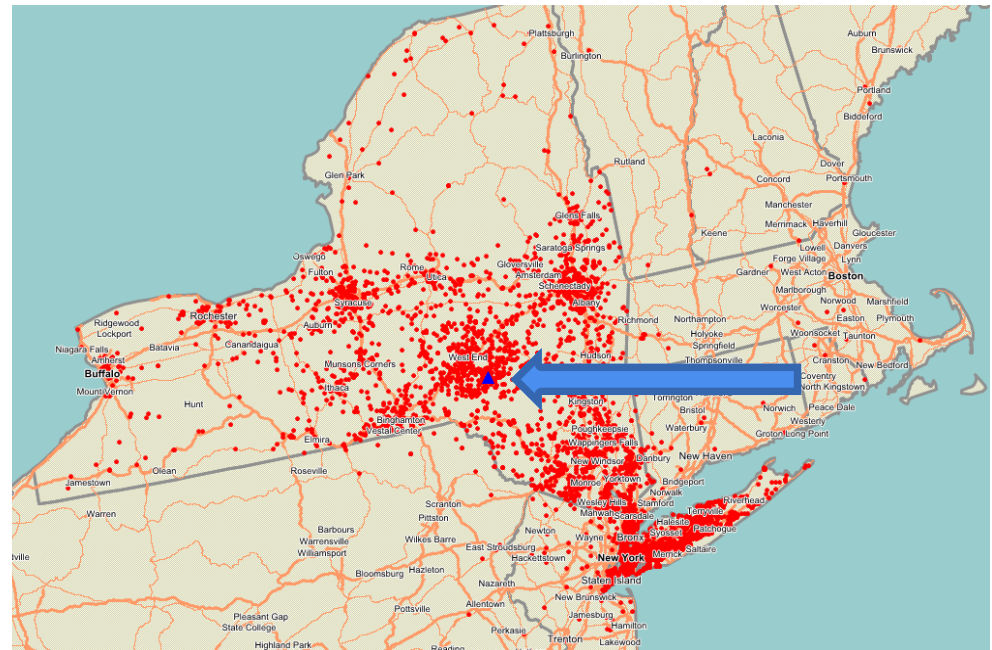
Best Practices and Implementation Guidance

Gray has worked with a range of institutions on Program Portfolio Strategy.



- Public 4-year college
- Delhi, NY

- Provost-driven initiative
- Program Workshop
- Program Evaluation System
- Gray invited to share the process and results with SUNY CAOs



Gray has worked with a range of institutions on Program Portfolio Strategy.



- Private not-for-profit university
 - Milwaukee, WI (urban)
-
- Initiative by Associate Dean for the Graduate School and addressing entire institution – both undergraduate and graduate
 - Program Workshop
 - Program Evaluation System
 - Associate Dean presented results and lessons learned with Gray at 2019 UPCEA conference

I. Program Portfolio Strategy Project Overview

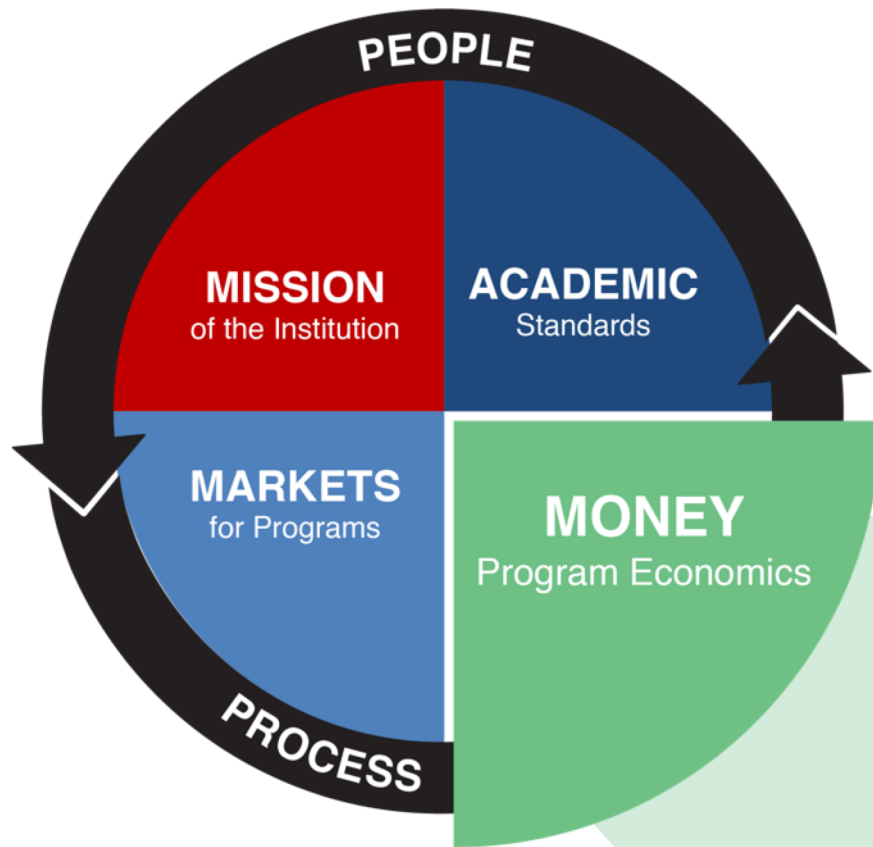


II. Project Components

- Program Economic Analysis
- Program Market Analysis
- Program Portfolio Strategy
- Best Practices and Use Policy Documentation

III. Timeline

IV. Next Steps



Gray's Program Economics Platform will calculate course and program cost, revenue and contribution margins.

Accounting			
Revenue Per SCH		\$377	
Cost Per SCH**		\$144	
Contribution Per SCH		\$233	

# of Courses	97	Total Revenue	\$764,861
# of Students	70	Total Instructional Cost**	\$291,938
Total SCH	2,031	Total Contribution	\$472,923
# of Instructors	46		

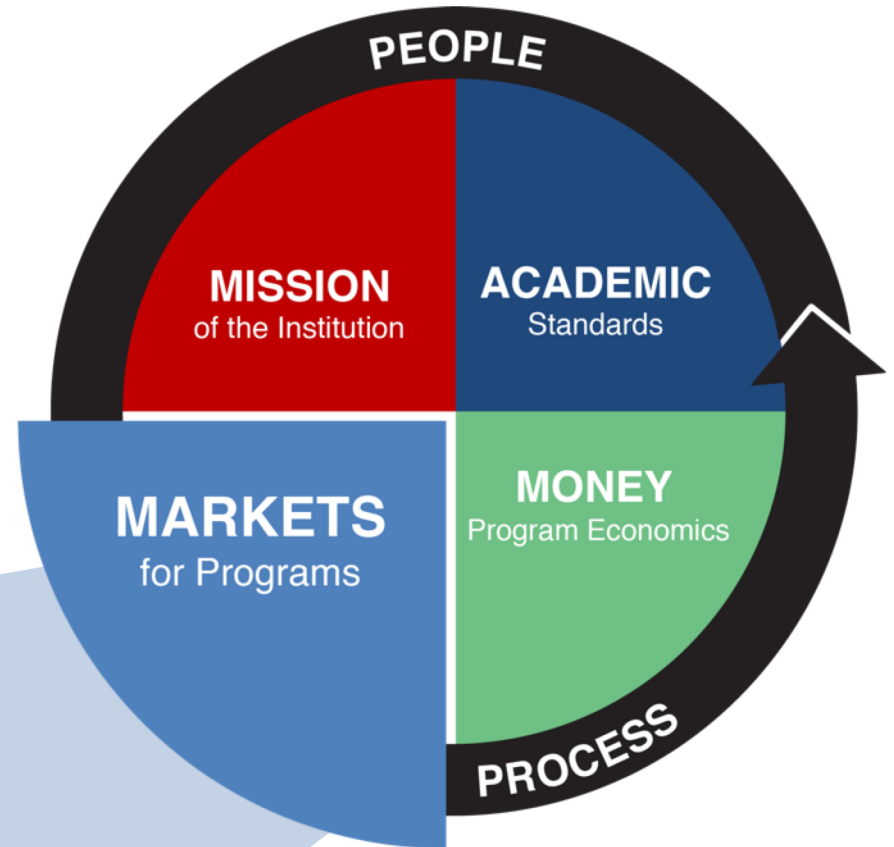
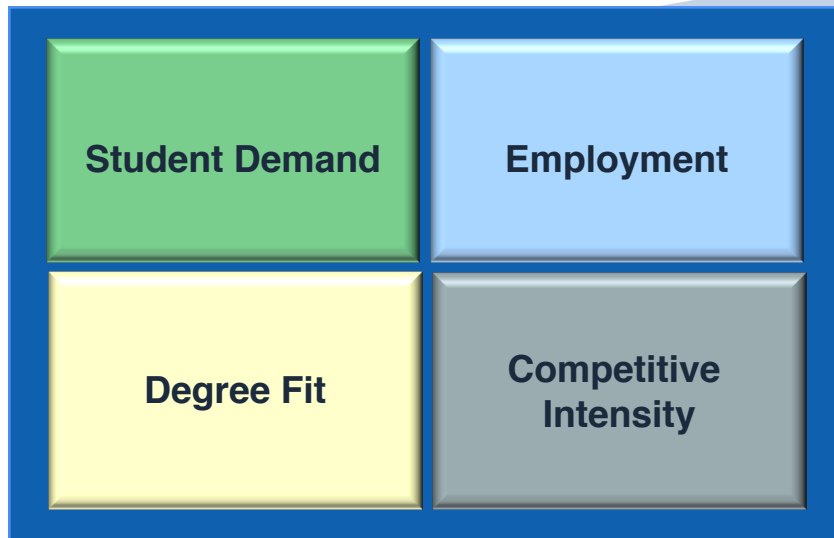
Percentiles: < 10% 10%+ 25%+ 50%+ 75%+ 90%+

** Color scale in reverse order

Illustrative

System Demonstration

The Program Evaluation System (PES) provides data on Student Demand, Employment, Competition and Degree fit for every program in the market(s) you serve.



System Demonstration



Data is important, but you also need the right people involved in effective processes.

In addition to providing data, Gray will facilitate a two-day Program Workshop for each college.

- The process is transparent.
- It is cross-discipline, cross-functional.
- It uses quantitative data to inform your judgement and program decisions.
- It enables alignment among Academic, Administrative and Operational leaders.

Program Workshop

Day 1	Data Education Revise Scoring Identify New Programs
Day 2	Evaluate Current Programs



Programs to ***Start, Sustain,
Grow or Sunset***

Overall Evaluation (Grow, Fix, Sustain, Concern):

Fix and Grow

Illustrative

Mission and Institutional Goals: Faculty Comments				
Mission:	Strong fit with focus on career preparation			
Purpose:	Limited alignment with focus on service; Clarify how tech and service are related			
Academic Focus:	Strong fit with institutional focus on STEM disciplines			
Students Served:	Low enrollment by underserved students			
Community:	Well-regarded by employers with growing need for skilled graduates. No involvement to date in other community activities (e.g., internships).			
Overall	Concerns			

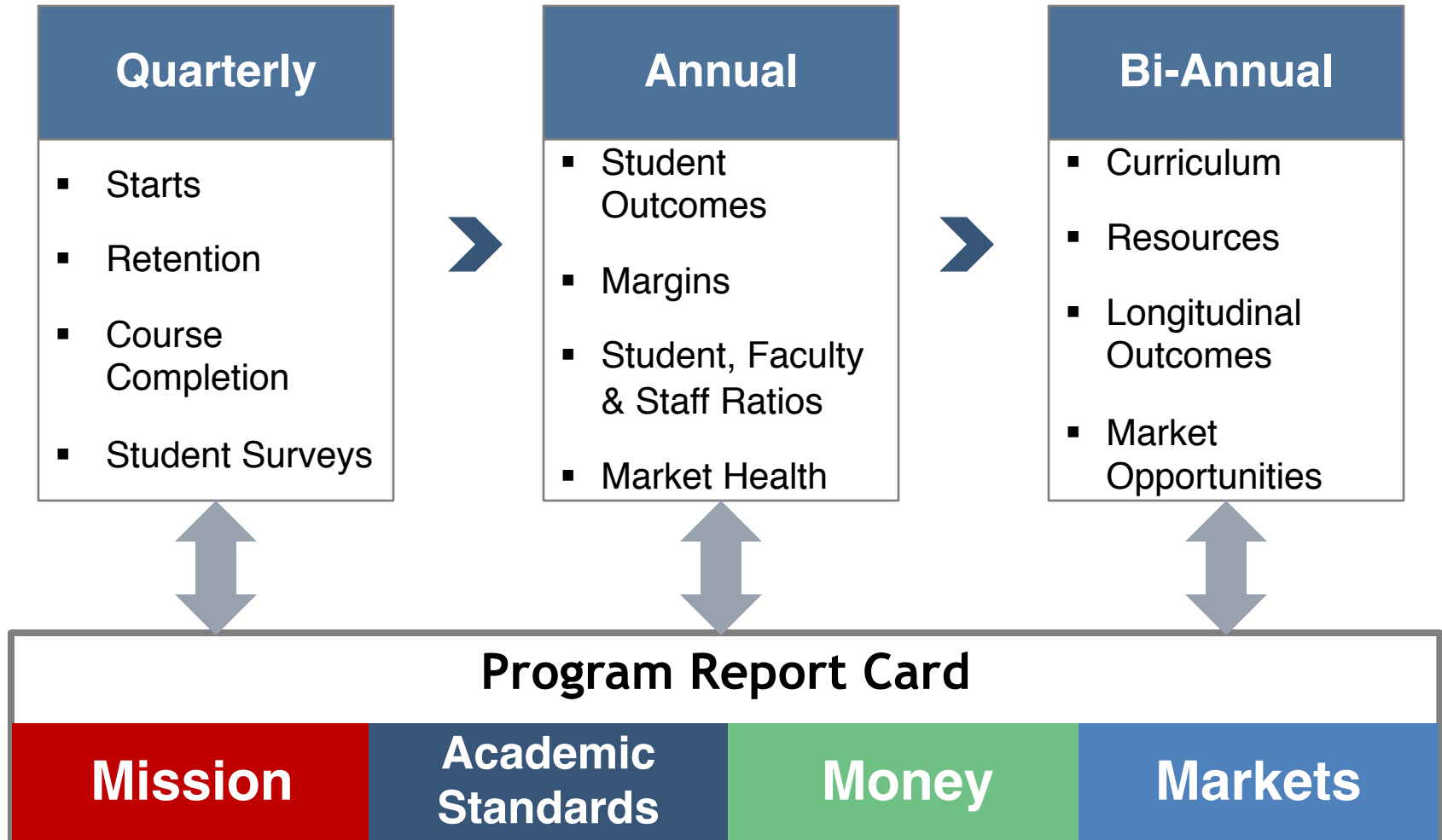
Financial Performance					
	2017		2018		
	Actual	Budget	Actual	Variance (Units)	Variance (%)
Starts	200	210	220	10	4.80%
Enrollment	1,200	1,210	1,220	10	0.80%
Underserved Students	300	400	325	-75	-18.80%
Student Credit Hours	10,800	10,890	10,980	90	0.80%
Revenue \$	\$3,240,000	\$3,267,000	\$3,294,000	27,000	0.80%
Instructional Costs \$	\$972,000	\$980,100	\$980,100	-	0.00%
Contribution \$	\$2,268,000	\$2,286,900	\$2,313,900	27,000	1.20%
ROIC Percentile	90%	90%	92%	2%	2.20%

Academic Standards: Internal Data				
	2017	2018	Variance %	Comments
Faculty	Behind	On track	None	Article published
FT Faculty	32	35	9.60%	
FT Faculty SCH Taught	4,320	4,735	9.60%	Hired 3 FT faculty
Adjunct Faculty SCH	6,480	6,155	-5.01%	Dropped 7 FTEs
FT Faculty SCH to Total	40%	43%	3%	Goal 60% by FT
Student Ratings (top 2 box)	85%	90%	5%	Positive impact of FT
Outcomes:				
First Year Retention Rate	70%	71%	1%	Positive impact of FT
6-Year Graduation Rate	50%	55%	5%	
Employment Rate	90%	95%	5%	
Overall Academic	B	B+	Up	Increase FT Faculty

Market Attractiveness: Gray Associates Program Evaluation System				
Metrics	Score	Percentile	Metric	Percentile
Student Demand	14	91%	Google Searches	93.00%
Employment	18	89%	Job Postings per Grad	91.00%
Competitive Intensity	10	33%	Completions per	25.00%
Degree Fit	5	90%	Wages	95.00%
Overall Market Score	47	95%	Local Competitors	Completions
Comments	Need to develop a plan for growth in this attractive and not very competitive local program market. National Ranking is critical, given selectivity and prestige of key competitors.			
			UC Santa Barbara	305
			Claremont College	125
			National University	95
			Our Local Mkt Share	5%

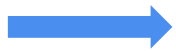
Continuous Improvement: Goals and Status		
Goal	Actions	Comments
1. Achieve National Ranking in Business Week	Publications	One published; one in process
2. Upgrade and Differentiate Tech Infrastructure	Network in place	Need \$1,500 for server
3. Continue to hire FT faculty	Year	Hire 2 FT faculty next year
4. Expand Recruiting to 30 High schools in the three-state region	Completed	Need \$500 for out-of-state
5. Start internship program in 2020	Employers have signed up	Recruit in underserved schools
6. Continue to increase revenue by improving retention	Shift to FT faculty	Add \$200k in faculty budget



Example: Program Management and Review

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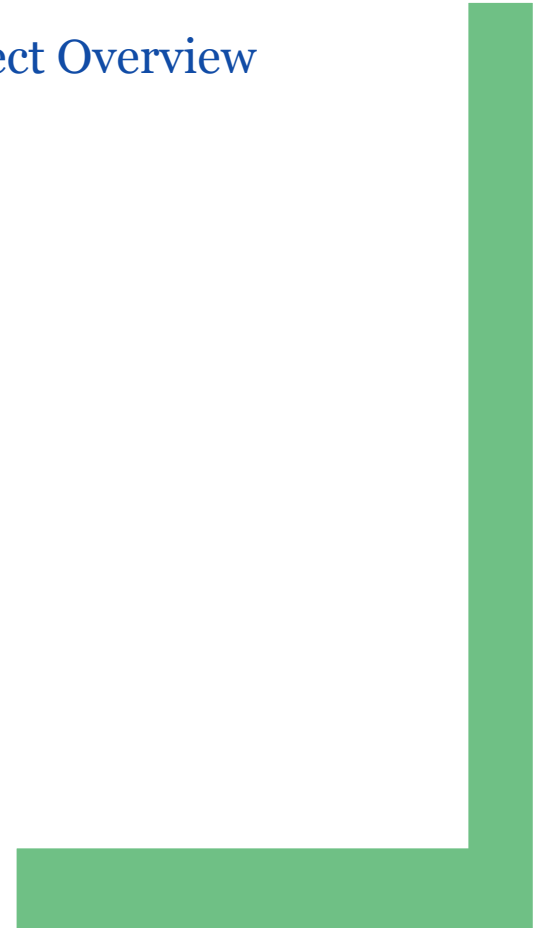
II. Project Components



III. Timeline

- Individual and Joint Milestones
- Critical Path Deliverables

IV. Next Steps



Project Plan Timeline and Critical Path

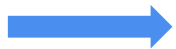
The projected end date for the project is March 2020.

Module		August	September	October	November	December	January	February	March
Project Management	CPE Kick-Off Meeting								
	CAO Kick-Off Meeting								
	Monthly Review with CPE								
Program Economics	Data Collection and Cleaning								
	Review and Revise								
	Load into Program Analytics Systems								
Program Market Analytics	Individual Kick-Off Meetings								
	Distance Analysis/Market Definitions								
	Refine Scoring								
	Customize Systems								
Academic Outcomes	Collect Data								
	Load into Program Analytics Systems								
Workshops	Program Workshops								
	Statewide Program Review								
Long-Term Planning Model	Collect and Load Data				Demographics	Programs	Program Economics	Revised Programs	
	Refine Model								Statewide Projections
Best Practices Implement'n Guidance	Best Practices								
	Implementation Guidance								

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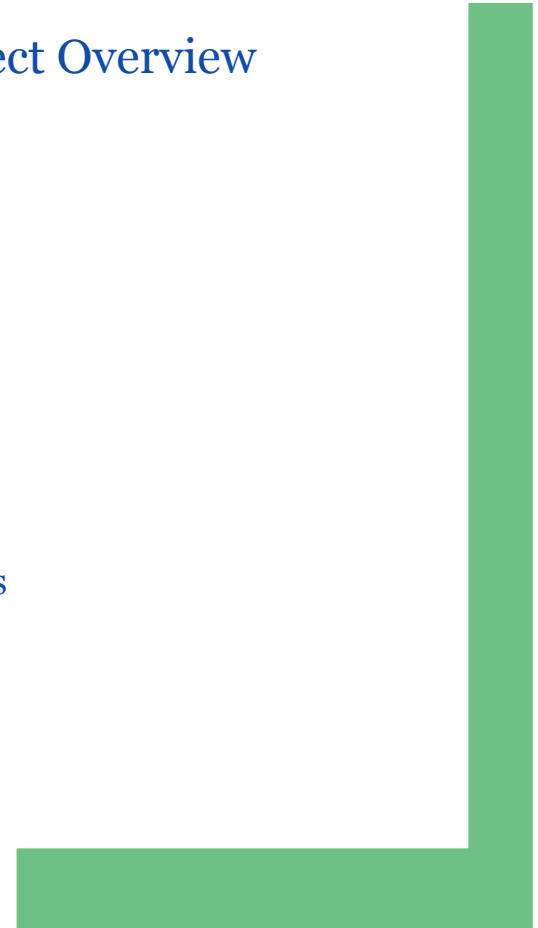
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IV. Next Steps

- Individual University Kick-Off Meetings
- Data Requests



There are two immediate next steps to be undertaken.

- Project kick-off meetings need to be scheduled.
 - These should involve members of your leadership team who can serve as a steering committee for the market and financial analysis.
 - Please plan for a 90-minute meeting.
 - To stay on-schedule, the meetings need to be completed by mid-September.
 - We would like to identify potential workshop dates at that time.

- Data collection will start; two data requests have been provided to K-CPE:
 - Program economic data information
 - Student location data (to establish custom market definitions)
 - K-CPE will provide Gray with data it already collects, and will issue the request for any remaining data needed from each institution.

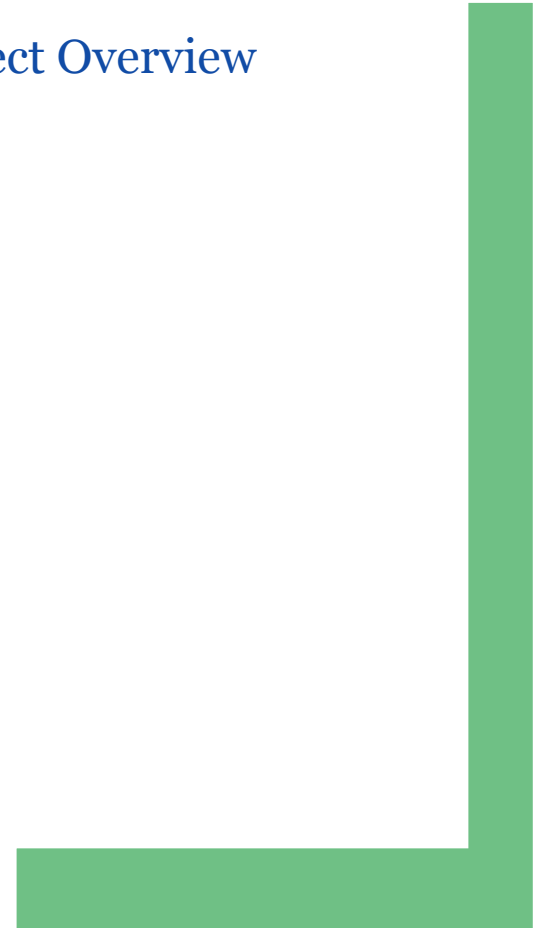
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→ V. Appendix



Bob will oversee the integration of the Program Portfolio Strategy work and directly support K-CPE.

- **At Gray:** Bob founded Gray and leads development of Gray's proprietary education industry databases and service offerings. He works with Gray's education clients on institutional strategy, pricing, location selection, and program strategy.
- **Prior Experience:** An expert in business strategy, marketing, sales and distribution channels, he has helped AT&T, American Express, HP, IBM and other clients to develop growth strategies, enter new markets, and build their channel organizations.

Mary will manage the implementation process in collaboration with Kentucky State, Murray State, Northern Kentucky, and the University of Kentucky.

- **At Gray:** Mary leads Gray's relationships with several of the firm's largest education clients. Her work includes corporate strategy development, customer segmentation, market and program analysis, program portfolio optimization, offer optimization, and location selection.
- **Prior Experience:** Mary has over 25 years of management experience with AT&T, most recently as a Vice President. At AT&T, she led Consumer Strategy and held a variety of positions in Product Marketing, Operations and Customer Care, and is highly experienced in large team and matrix management.

Steve will manage the implementation process in collaboration with Eastern Kentucky, Morehead State, the University of Louisville, and Western Kentucky.

- **At Gray:** Steve has pioneered new approaches to educational program strategy, city selection, location selection, and pricing. He has worked with institutions to identify the best new geographic markets for new campuses, for online initiatives, and for field admissions deployment.
- **Prior Experience:** Steve is a marketing, finance, analysis, and operations professional with over 20 years experience advising educators, automakers, financial service companies, and transportation companies. Steve has also developed and taught a graduate Marketing course at Northwestern University.