**Considerations for the Business Plan in Determining Potential Program Costs**

Determining anticipated costs and revenues associated with a new program must be estimated prior to full proposal development. Anticipated staffing and operations costs, along with anticipated student enrollment patterns must be considered to estimate the costs and revenues for the program. The budget template will assist with these calculations (complete the [budget template](https://nau.edu/Provost/Curriculum-Academic-Development/) for submission with Phase 1 and Phase 2 degree proposals).

1. **Staff FTE**

The FTE of the staff needed for the program. There are several different types of staff and not all of them may apply to every program (e.g., staff that will be hired to support the program or existing staff that will be assigned to it, resulting in the need for a backfill). Enter anticipated staffing for each projected year. For example, .5 FTE faculty will be hired in the first year, which will increase to 1.0 FTE in the second year, and another faculty member will be added in the fourth year.

Note that the program itself is considered part of your “staffing” plan. It will have costs associated with it, so indicate when the program will be established.

1. **SALARY/OPERATIONS COSTS**

The costs of running a program are of two types: those for staff, and those that support the program itself. These costs may be one-time (setup) costs, or ongoing (salary, other operations).

Represent the annual salary and ERE costs of the different types of staff identified for the plan. There is an automatic annual inflation increase per year for salaries and ERE, so enter an estimated figure for the first year of the program.

One-time or setup costs for staff and the program. These costs will include recruiting, a computer, furniture, initial equipment purchases to set up the program and other costs that are expected to be one time, such as design costs for marketing materials or preparation for accreditation.

Specify the on-going, or operations cost of your staff or program. For staff, this will include copying, cell phones, toner cartridges, paper, travel and other supplies. For a program, it may include purchase of disposable materials, rent, marketing, accreditation, etc.

The total cost per year is the sum of the salary, ERE, one-time and on-going costs for the program for each year.

Calculate what revenues there will be to the program.

1. **STUDENTS – Full Time and STUDENTS – Part Time**

Estimate the number of full-time students expected for admission in each year, and the number of part-time students expected. How many part-time students will be equivalent to a full-time student (i.e. two half-time students equal one full-time students). The budget spreadsheet will calculate how many students are remaining from the previous year, and calculate the total number of students in the program each year.

1. **Tuition and Program fees**. Indicate what the resident and non-resident tuition rates will be for your students. Are students expected to attend summer school or winter session? Are students expected to pay a fee? Will the fee change in future years?
2. **Resident Student Population.** What proportion of your students are expected to be Arizona residents during each year. This proportion affects the amount of anticipated tuition revenue.
3. **Results** The annual cost of the program to resident and non-resident students, which includes tuition for fall, spring, summer (if appropriate) and the program fee.

What is the anticipated student tuition and fee revenue. This includes both the gross tuition receipts and the net after the regents-mandated scholarship set-asides are taken into account.

These figures are subtracted from the program costs to show the amount not covered by student tuition and fees. The budget sheet will calculate these figures.