Module 2 Case Study: Program Cost Budgeting

In this case study, you are tasked with developing a budget for a graduate summer program at Rockefeller College. Using the budget template, your budget should consider fixed costs (including overhead), variable costs, revenues, and provide justification for each line item.

Rockefeller College of Public Affairs & Policy at the University at Albany is planning a new *graduate micro-credential in Data, Technology, and Public Administration* to be offered during the summer 2027 term (June–August). The program will consist of three graduate-level courses of 3 credits each focused on AI, data analytics, and database management for the public sector. As the assistant to the Dean, you have been asked to prepare a budget to present to the provost for approval.

Program Structure and Assumptions

Estimated enrollment and courses

- Expected enrollment: 60 students
- Tuition: $5,000 per student (flat rate for the summer program)
- Technology student fee: $150 per student (charge the students to cover hybrid delivery)
- Each student completes all three courses, 9 credits in total
- Course cap: 20 students per section. With 60 students each taking all three courses, the program needs 3 sections of each course, or 9 sections in total.

Revenues

- Tuition and technology fees, as stated above
- University allocation: $8,000 (one-time)
- State workforce development grant: $5,000 (one-time)

Costs

- Instructional cost: $10,000 per section (professor stipends, course development, instructional materials)
- Fringe benefits: 20% of instructional cost
- Program coordinator: $30,000 for the summer (a part-time appointment to run the program)
- University indirect cost recovery: 30% of tuition and fee revenue, charged by the campus for classrooms, IT, shared services, and central administration
- Student support (advising, registration, IT help desk): $500 per student (one-time)
- Marketing campaign: $15,000 (charged fully in June)
- Software licenses: $100 per student (charged fully in June)

Monthly activity (June–August)

- Tuition and fees are distributed evenly in three months;

- University funding and state grants are received in July;
- Instructional cost is spread evenly across the three months;
- Student support and the coordinator's salary are distributed evenly in three months;
- Fringe benefits follow instructional cost, so they are spread evenly as well;
- University indirect cost recovery follows tuition and fee revenue;
- Marketing and software licenses are charged fully in June;
- Other assumptions can be made about the distribution of activities.

What to submit

Use the attached budget template to prepare a monthly operating budget (June, July, August) for the program, including revenues, expenses, and surplus/deficit for each month and for the summer as a whole. Provide justification for each line item.

After constructing the baseline budget, conduct scenario analysis to evaluate how changes in assumptions affect the program's finances:

- **Scenario 1 — Expanded marketing.** Increase the marketing campaign cost to $40,000 and assume enrollment rises to 80 students. Recalculate the budget and determine whether the additional marketing investment pays off in the short term and the long term.

  Note: the 20-student course cap still applies. Work out how many sections 80 students require before you calculate instructional cost — this is a step-fixed cost, and it does not stay flat when enrollment grows.

- **Scenario 2 — Faculty pay increase.** Raise faculty costs to $15,000 per section. Recalculate the budget and evaluate the financial sustainability of the program if faculty pay continues to rise.

- **Strategic adjustments (be creative!).** Use help from generative AI to suggest and model one or more strategic changes to improve the program's budget (such as increasing revenues or reducing costs) while maintaining its goals. Select the approach you believe is best, revise the budget accordingly, and provide justification.

Finally, submit your budget along with a 1-page memo to the provost explaining your baseline results, scenario analysis, and recommended strategy. You are encouraged to use generative AI tools to help polish the memo so that your message is clear, professional, and persuasive.

AI-use disclosure: At the end of your memo, note which tool you used, what you asked it to do, and one thing it produced that you checked and corrected. Catching something the tool got wrong is a strong answer, not a weak one.