Margin Analysis

Turning Data into a Program Strategy

July 14, 2026

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Margin Analysis: Turning Data into a Program Strategy

Meet the Presenters

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Learning Outcomes

1. Describe the core components of academic program margin analysis, including revenue, direct costs, and indirect expense allocation.
2. Use margin analysis to identify high and low margin programs and understand key performance drivers.
3. Apply margin insights to inform strategic decisions related to program portfolio management, resource allocation, and operational improvements.

What is Margin Analysis?

Revenues to Academic Programs − Expense to Academic Programs = Academic Program Margin

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It’s Not So Simple!

Net of discount
MOUs/partnerships?
Grant revenue?
Donor revenue?
Follow course or program?

Payroll/benefits
Non-teaching direct
Overhead/indirect?
Allocation methodology?

How do we….use it?

Revenues to Academic Programs − Expense to Academic Programs = Academic Program Margin

Allocating Expenses
Adding it Up and then Dividing It

What counts as a direct expense?
- Equipment, supplies, accreditation?
- Deans' offices?
- Revenue share/OPM?

What indirect expenses should be allocated to academic programs?
- Some?
- All?

How should indirect expenses be allocated?
- By FTE?
- By credit hour?
- By square footage?

What are the downstream implications of these decisions?

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Uncovering Insights
The Data Journey

1. Review goals
2. Identify data needed to measure them
3. Set strategic questions
4. Answer questions using data

SMART

Setting Institutional Financial Goals

- **S** Specific
- **M** Measurable
- **A** Achievable
- **R** Relevant
- **T** Time-Limited

Program Economic Analysis

Start Big with High-Level Overview

Follow the data with each additional dashboard

Financials

Click for Graph

Total or per Credit: Total

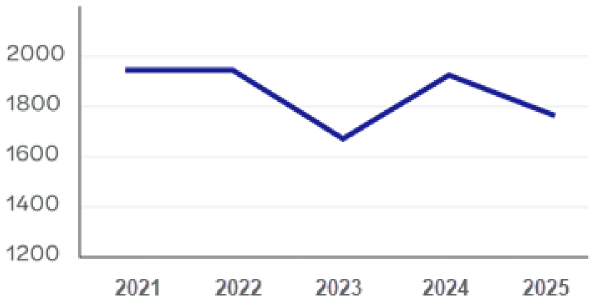
Cost Choice: Contribution Margin

Fiscal Year

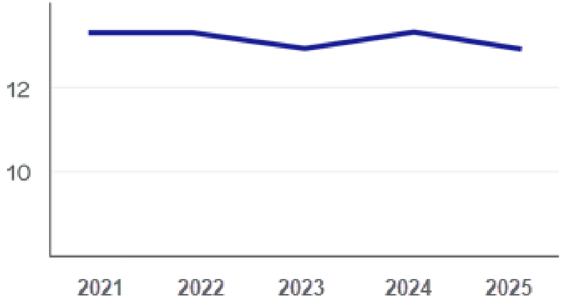
	2021	2022	2023	2024	2025
Gross Tuition	29,122,814	29,122,814	28,456,332	29,122,814	28,456,332
Discount %	34%	34%	37%	34%	37%
Net Tuition	19,318,979	19,318,979	17,979,090	19,318,979	17,979,090
Cost	11,162,798	11,162,798	11,122,201	11,162,798	11,122,201
Margin $	8,156,181	8,156,181	6,856,889	8,156,181	6,856,889
Margin %	42%	42%	38%	42%	38%

Trending

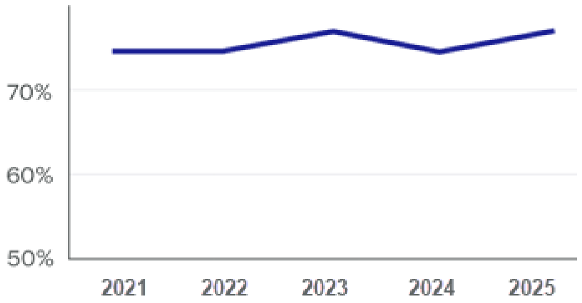
Student Enrollment



Class Size

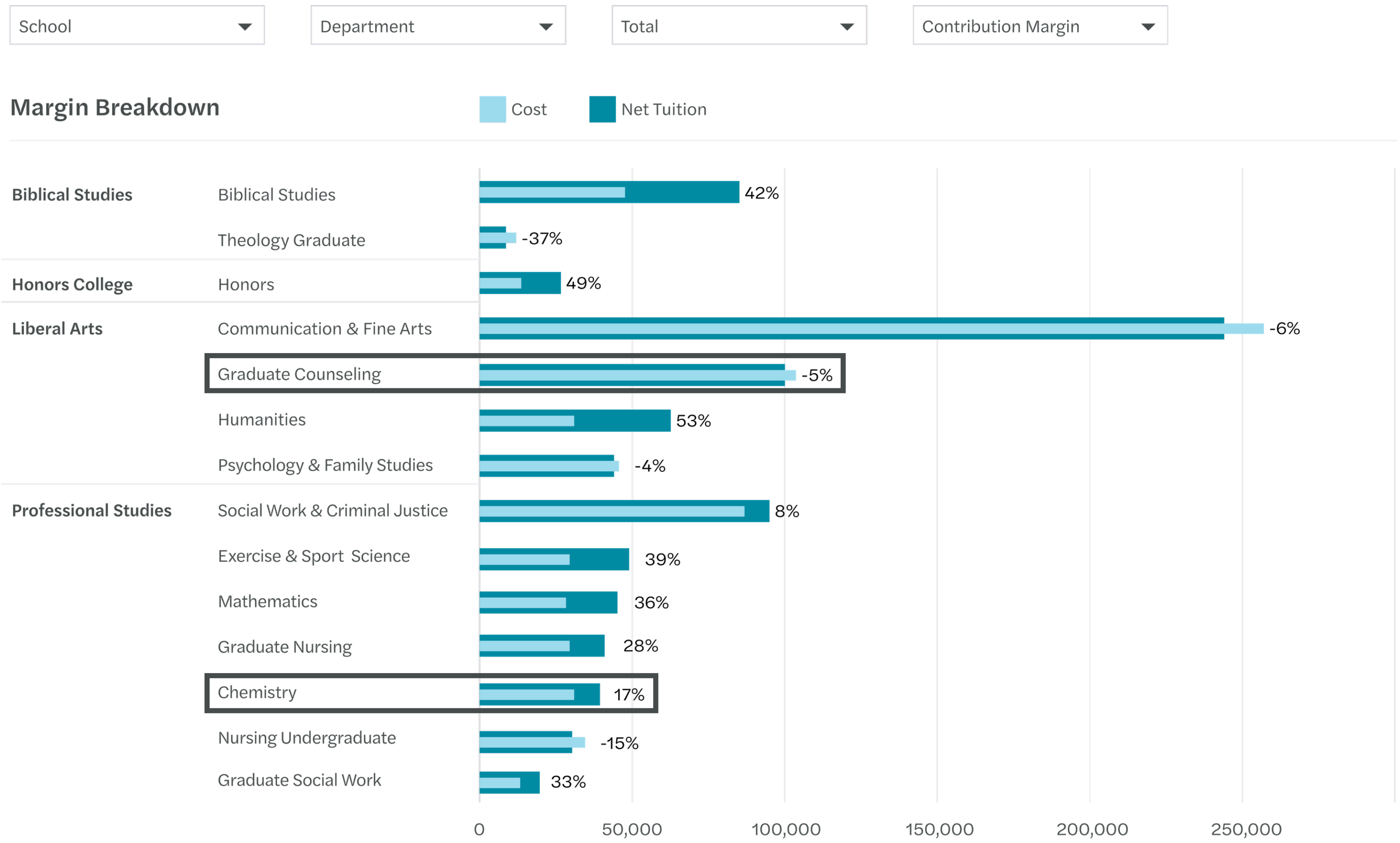


Faculty %



Program Economic Analysis
Course Economics

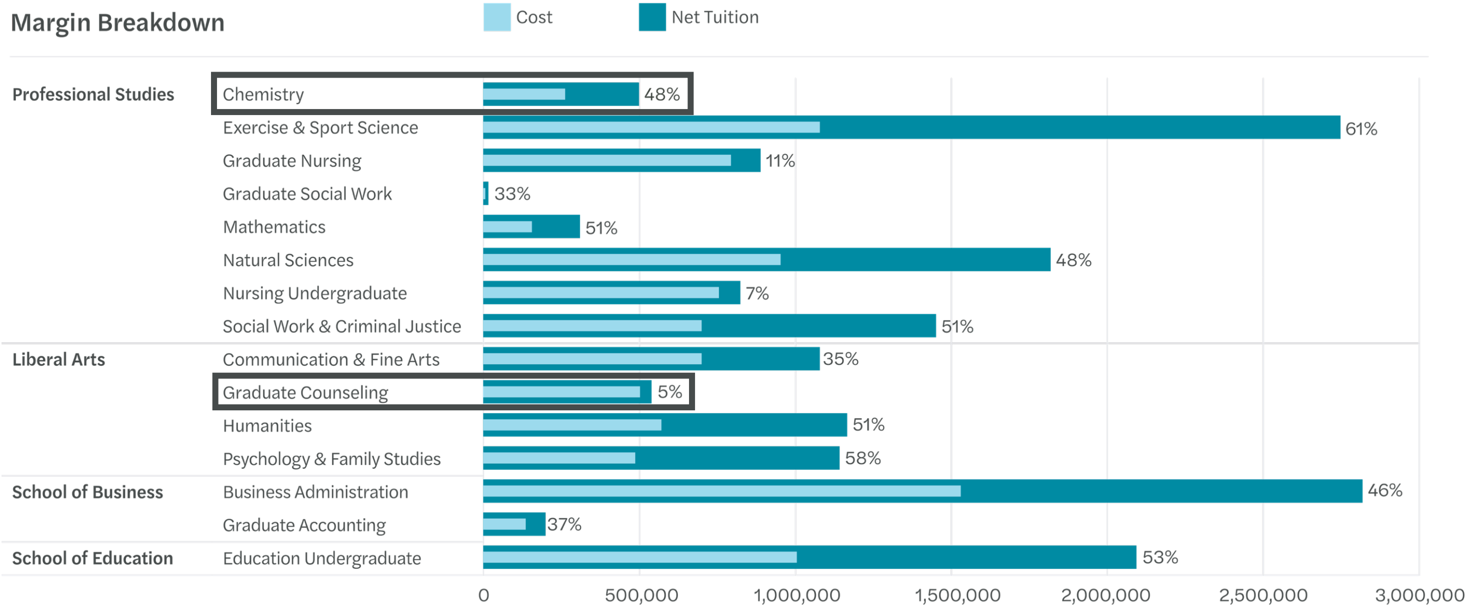
Examine margins by following course enrollments



Program Economic Analysis

Program Economics

Examine margins by student-declared major following course enrollments



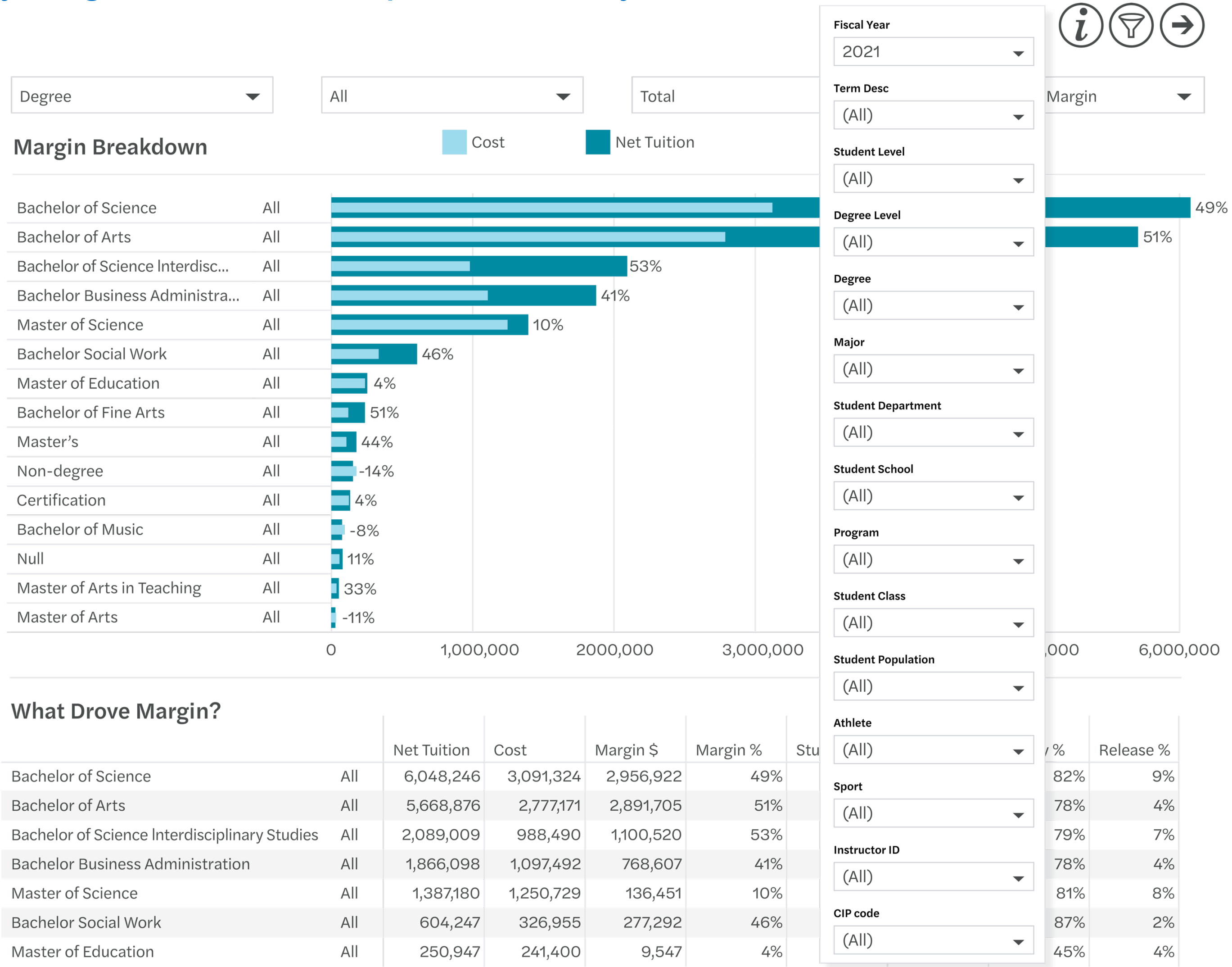
What Drove Margin?

		Net Tuition	Cost	Margin $	Margin %	Students	Student Credits	Faculty %	Release %
Professional Studies	Chemistry	490,172	255,734	234,438	48%	38	918	89%	4%
	Exercise & Sport Science	2,747,798	1,075,348	1,672,450	61%	246	5,229	76%	5%
	Graduate Nursing	886,846	786,925	99,921	11%	124	1,803	95%	8%
	Graduate Social Work	18,878	12,703	6,175	33%	6	38	100%	0%
	Mathematics	299,354	145,821	153,533	51%	28	593	89%	3%
	Natural Sciences	1,815,429	946,606	868,823	48%	147	3,628	86%	5%
	Nursing Undergraduate	812,556	752,944	59,612	7%	96	1,976	92%	25%
	Social Work & Criminal Justice	1,429,825	697,470	732,355	51%	111	2,663	87%	3%
Liberal Arts	Communication & Fine Arts	1,069,182	695,011	374,171	35%	79	1,990	65%	5%

Program Economic Analysis

Filters

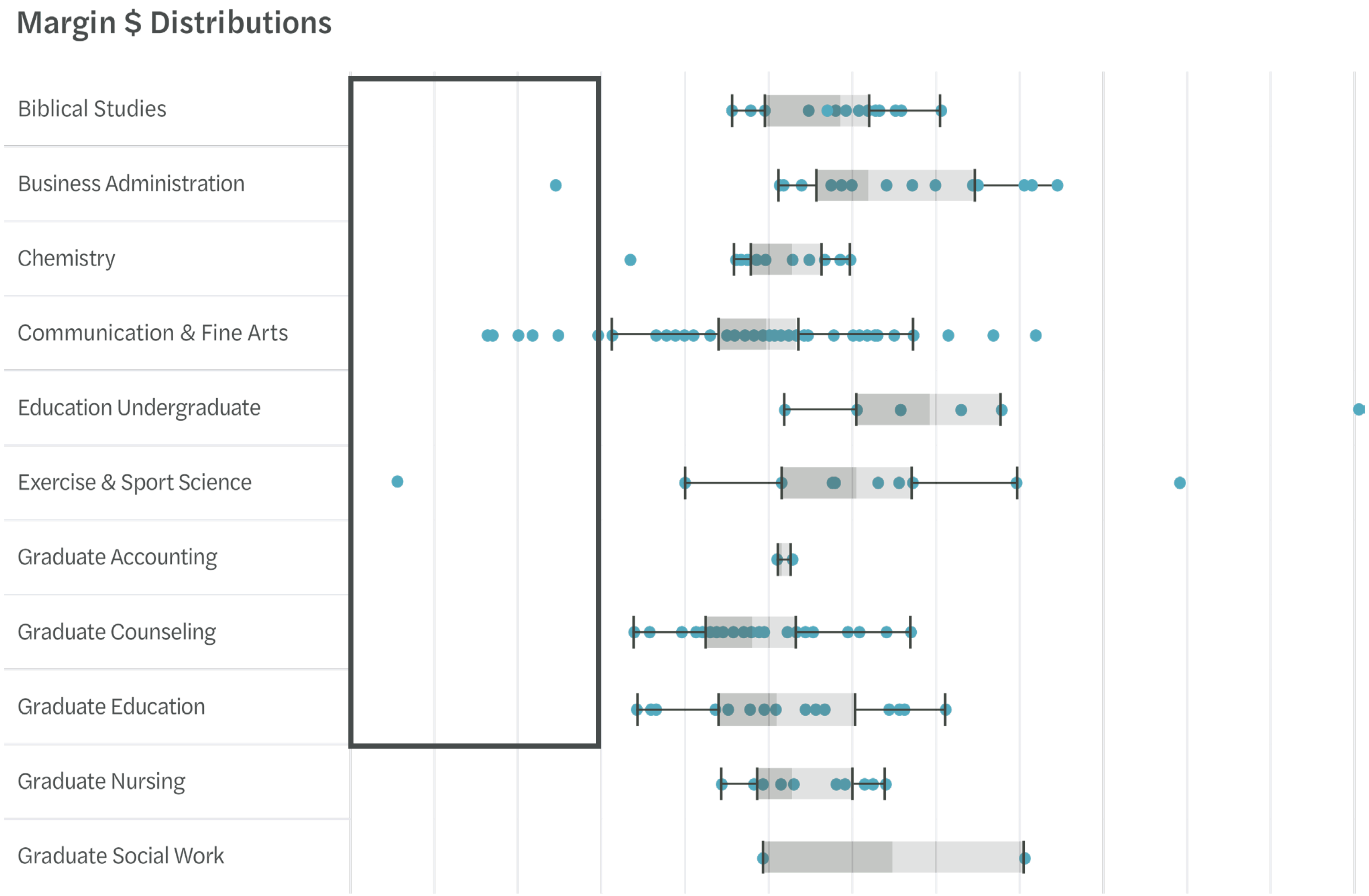
Isolate analysis by degree, level, campus, modality, etc.



Program Economic Analysis

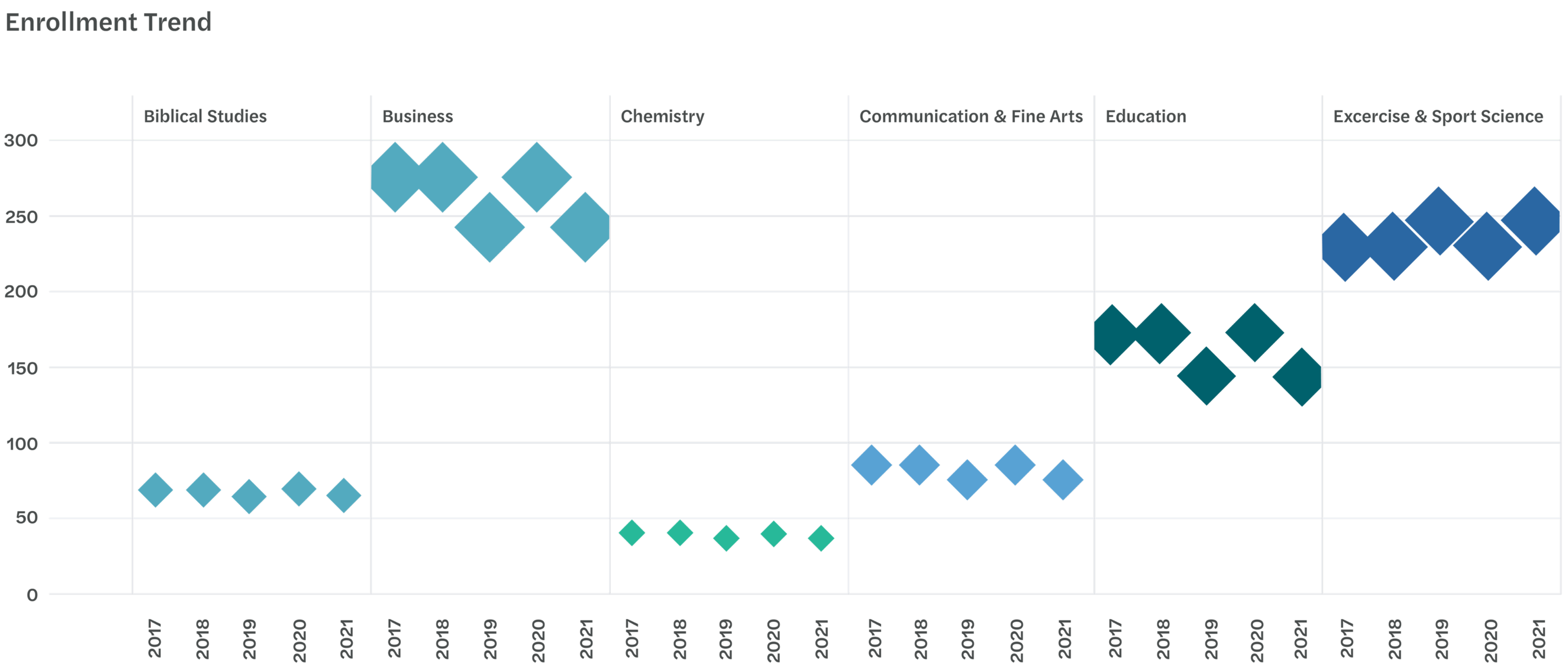
Course-Level

Understand which course sections have the lowest margins



Program Economic Analysis
Trend Analysis

Examine patterns for enrollment, costs, margin, etc. by program



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Data Integrity and Margin Insights
Using the Right Data to Support Decision-Making

Since data should be driving the margin conversation:

- **Importance of Accurate Data**
  - Reliable data is essential for informed decisions on academic programs and financial sustainability.
- **Challenges of Siloed Data**
  - Siloed systems and varying definitions cause inconsistencies, delaying strategic decision-making.
- **Cross-Functional Collaboration**
  - Standardizing definitions and aligning departments.
- **Strong Data Governance**
  - Investing in governance enables focus on strategy over data validation and supports sound margin insights.

Strategic Levers for Margin Improvement
Potential Ways to Move the Needle

Here are some key areas that can directly impact program margin:

Enrollment Growth

- Increasing enrollment in high-demand programs may boost tuition revenue without proportional cost increases.

Pricing and Discount Strategies

- Refining pricing and discount policies can improve net tuition revenue aligned with financial and enrollment goals.

Instructional Efficiency

- Optimizing class sizes and faculty staffing can improve instructional efficiency and reduces per-student costs.

Program Redesign and Consolidation

- Redesigning or consolidating underperforming programs reduces inefficiencies while maintaining academic quality.

Program Economic Analysis
What If Scenario Modeling

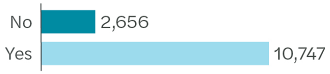
Test and model how financial performance outcomes could be impacted by changes to your academic variables, including enrollment and payroll for faculty

If one of our margin drivers changed, what would the financial impact be?

Note: The bar charts below represent Cost per Class and Count of Sections. by Faculty. These are not affected by the parameters.

Driver	Direction	Students
Enrollment	Increased	1,000

Cost per Class by FT Faculty



Count of Sections by FT Faculty

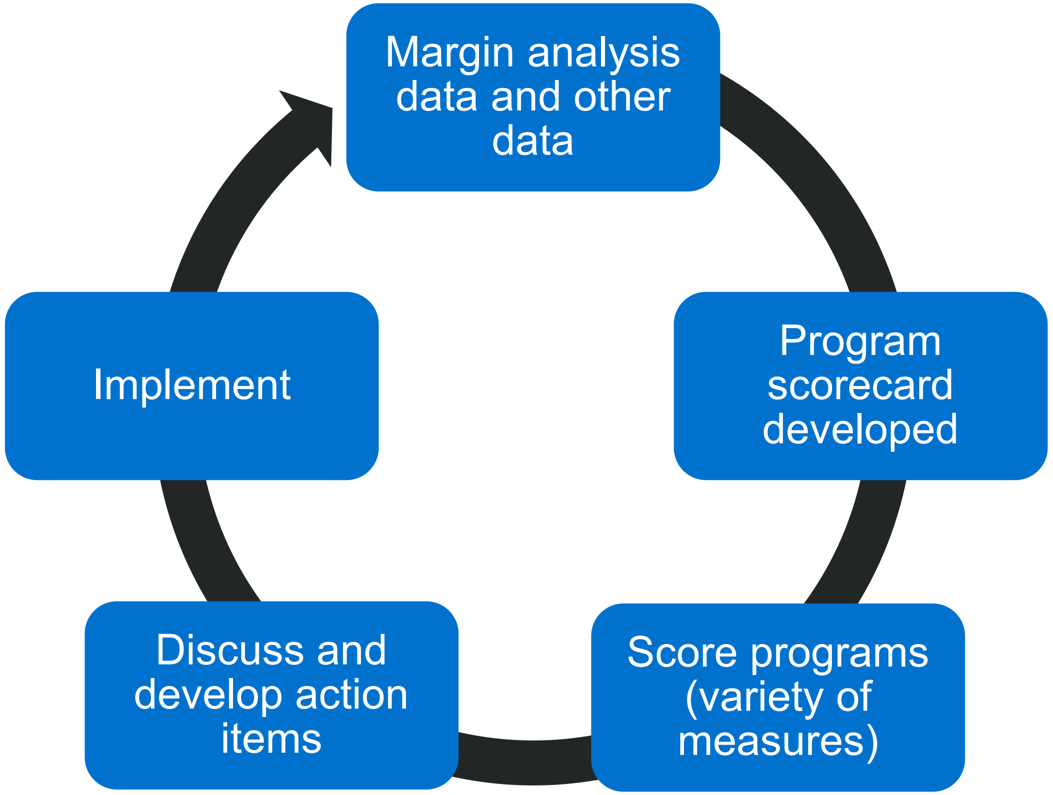
What if the selected changes were made to the entire institution?

Current State	FY 2022	FY 2023	FY 2024
Enrollment	3,105	2,813	2,534
Net Tuition	37,666,284	34,557,482	30,743,123
Cost Choice	14,391,912	15,177,235	14,280,208
Margin	23,274,372	19,380,247	16,462,915
Margin %	61.8%	56.1%	53.5%

What if Results	FY 2022	FY 2023	FY 2024
New Net Tuition	49,797,133	46,842,403	42,875,374
New Instructor $	14,391,912	15,177,235	14,280,208
New Margin	35,405,220	31,665,168	28,595,166
New Margin %	71.10%	67.60%	66.69%

Case Study #1

Margin Analysis at Small Private University



Academic Data

- Student outcomes – employment, persistence to graduate programs, certifications or licensure, and income
- Faculty activities – grant funding, high-profile scholarship, or connections in the community
- Cross-serving opportunities – which programs support other programs or curricula
- Capacity – identify programs that can sustain growth without compromising rigor

Economic Data

- Margins generated by each academic program – which programs are contributing to the bottom line and which aren't
- Economic drivers of program margins – use a tool, like our Program Economic Analysis (PEA), that helps you understand why your programs are generating margins (or not). This might include looking at class size, enrollment trends, net tuition revenue, and adjunct utilization. Looking at these metrics can help create clear, actionable strategies for improvement.

Enrollment Management Data

- Applications and application yield – the former can help you understand overall interest in a program, while the latter can help you understand your market
- Applicant demographics and ZIP code – understand your opportunities for growth in traditional and non-traditional populations and modalities
- Advisory group and employer input – leverage insights from the people driving employment demand in your area

Institutional Data

- Alignment with institutional goals – to what extent does a program serve the institution's constituents (internal and external)
- Alignment with institutional resources – identify those programs that have sustainable operating models and which will require subsidy, especially in light of the institution's strategic plan
- Giving and alumni engagement – which programs are bringing external constituents to the table
- Potential new programs – what you could add to your portfolio that would score well on most of the metrics identified in all four buckets above

By starting with some of the data points identified above, you can be more confident that each data point can illustrate something about the past, present, and/or future of your academic programs and that the data are gathered by cross-functional teams all rowing in the same direction.

Case Study #1
Key Features

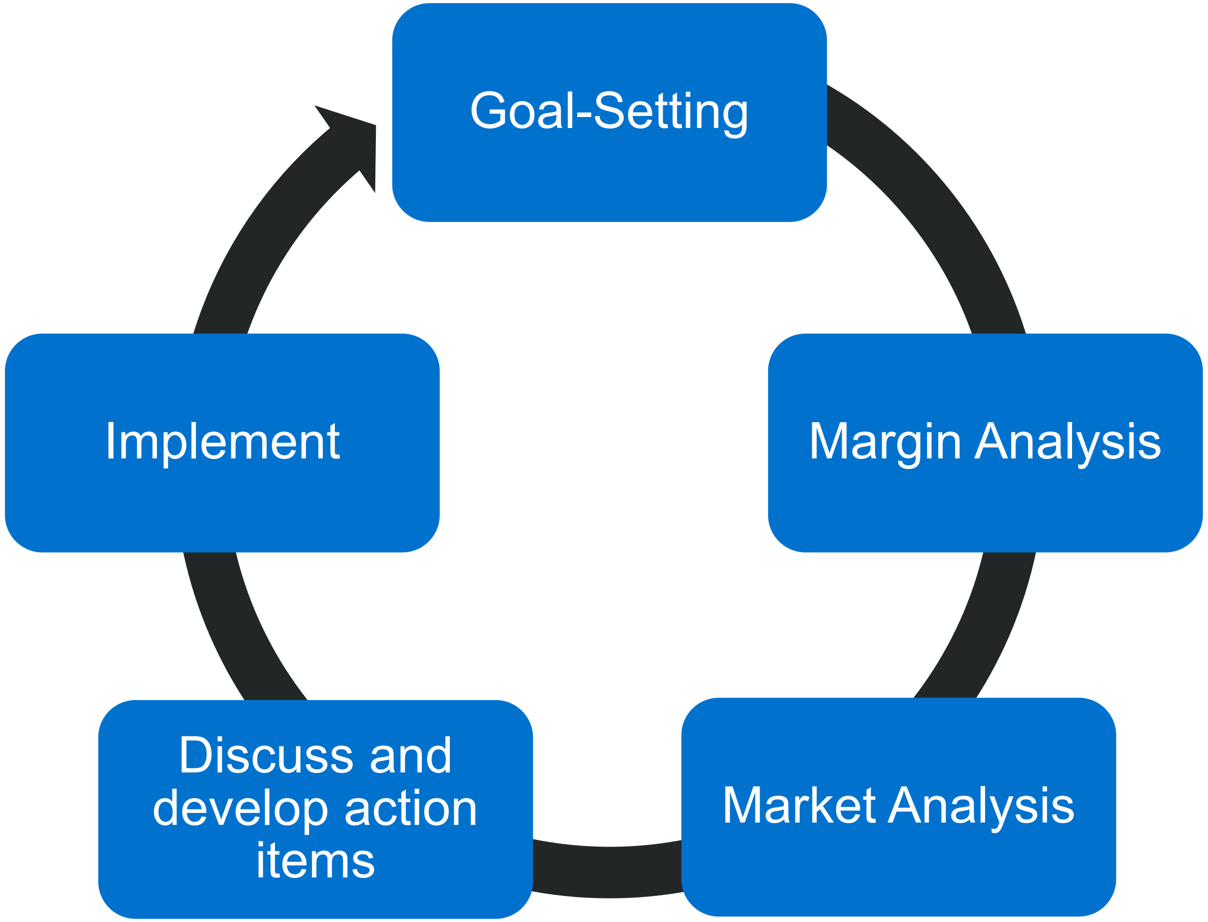
Scorecard developed with faculty input

Analysis and recommendations made by faculty

Runway to improve struggling programs before closure

Case Study #2

Margin Analysis at Public University



Case Study #2
Key Features

Process focused on program growth

Analysis of current programs and potential programs

Set of strategic initiatives identified

Contact

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Thank you!

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