

Elizabethtown College achieves **\$2.3 million in cost savings** while growing enrollment thanks to Gray Associates.

Situation

Elizabethtown College needed help analyzing the financial performance of individual academic programs on a broad scale.

Elizabethtown College is a small private college in Lancaster County, Pennsylvania, with successful professional and trade programs.

“Our motto is ‘educate for service,’” said Jerry Silberman, Vice President for Finance and Strategy at Elizabethtown College. “Many of our students, faculty, and staff have been drawn to the college because of that viewpoint.”

According to Jerry, managing academic program revenues and portfolios can be challenging.

“Our sector in higher education really wasn’t focused on business models,” said Jerry. “We were more focused on student engagement and achievement, and we let the economics take care of themselves.”

However, the college needed to evaluate the performance of its program offerings and identify and discontinue programs that were losing money in order to improve the financial health of the college. Like most colleges, though, Elizabethtown College didn’t have a system in place to easily review individual academic program economics.

“It was a very time-consuming manual process,” said Jerry.

Elizabethtown College needed help analyzing the financial performance of individual academic programs on a broad scale to make data-informed decisions about its program offerings.

Solution



Gray Associates helped us take a very deep dive into academic program revenues and expenses.”

Elizabethtown College’s early conversations with Gray Associates focused on how the firm could help the college revise its program portfolio. The college wanted to identify both growth initiatives and opportunities to significantly reduce direct instructional costs to ensure the health and viability of the college. The work was initiated before the COVID-19 pandemic was apparent, and the seriousness of the budget situation increased along with the severity of the pandemic.

First, Gray Associates facilitated a two-day program portfolio workshop for faculty and administrative leadership. They assessed potential new programs and existing programs based on the college’s mission, academic considerations, experience, as well as Gray Associates’ data on student demand and employment opportunities for graduates.

“Gray Associates helped us take a very deep dive into academic program revenues and expenses, so we could identify opportunities to improve efficiencies in our portfolio,” said Jerry. “They looked at our existing programs in regards to our enrollments, the enrollments of peer institutions in the region, market demand, employment opportunities, and other data points.”

After the workshop, Gray Associates enabled Elizabethtown College to analyze its program and departmental economics by configuring a program economics platform with the institution’s actual activity, instructional cost, and revenue data. The analysis would determine the relevance and sustainability of the full list of program offerings, as well as identify new growth opportunities in the current market.



“One of the highest-value aspects of working with Gray Associates is that **they understand our industry.**”

Jerry Silberman

Vice President for Finance and Strategy
Elizabethtown College

Solution

CONTINUED



We maintain the bulk of our programs, but we're able to offer them now in such a way that our cost is lower and, as a result, program margins are higher."

According to Jerry, "We had many low-demand programs and other programs for which there was a saturation of competitor programs throughout the region. However, we did find that there were other programs that we didn't offer that seemed to have a good demand in the marketplace. They had very good workforce outcomes in terms of our program graduates."

Gray Associates also reviewed the individual financial performance of all the college's programs.

"It's something that we hadn't done before," said Jerry. "Gray Associates were able to provide us with program rankings in terms of cost of instruction, so we were able to identify our very high-cost programs."

In addition, Gray Associates led a curricular efficiency workshop with faculty to explain the findings and identify where the institution could cut instructional costs to meet budget constraints with minimal disruption. Jerry acknowledged that it's typically "very, very difficult" to facilitate such conversations with faculty members, but "the staff from Gray Associates was able to lead those conversations in a very collegial, respectful, and understandable way throughout our time with them. I was so impressed with how effective they were doing that."

Though the college's original intent was to find and discontinue high-cost, low-performing programs, Gray Associates' evaluation indicated that the vast majority of Elizabethtown College's programs made a profit. Elizabethtown College then changed its approach and used the data from Gray Associates to improve the financial performance of existing programs.

"We were able to lower the costs of offering our programs," said Jerry. "We maintain the bulk of our programs, but we're able to offer them now in such a way that our cost is lower and, as a result, program margins are higher."

The restructuring of the current programs led to a 16 percent reduction in full-time faculty members without having to shrink the programs themselves.

"We maintained just about all of our existing programs," said Jerry, "but by reducing the faculty numbers and transitioning faculty in very respectful and viable ways, we were able to improve program financial performance dramatically as a result of the change."

Elizabethtown College was also able to leverage the information about new growth opportunities and use it as a basis to develop and launch three new programs.

"Their work allowed us to sift through a mountain of data and identify those opportunities that really were a benefit to the institution," said Jerry.

Thanks to Gray Associates' analysis of the financial performance of individual academic programs, Elizabethtown College identified several million dollars in potential savings and achieved the savings in full. Also, the college's enrollment in the Fall 2020 semester increased despite the coronavirus pandemic.

RESULTS



Development and launch of three academic programs



16% reduction in full-time staff



Faculty salary and benefit savings of



Identification of several new growth opportunities



Enhancement of data-informed decision-making

\$2.3 million