

Importance of Conducting a
New Academic Program Financial Analysis &
the Use of a Proforma



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Introduction

- A new program financial analysis is essential to ensure the sustainability, profitability, and strategic alignment of an academic program.
- Using a proforma financial model helps project revenues, expenses, and long-term viability before launching the program.

Why conduct a financial analysis?

- Ensures financial sustainability
- Identifies potential risks and challenges
- Helps in decision-making and resource allocation
- Demonstrates return on investment (ROI)
- Aligns program goals with institutional strategy

What is a proforma?

- A financial projection tool used to estimate future revenues and expenses
- Helps in assessing break-even points and potential profitability
- Includes revenue estimates from tuition, grants, and partnerships
- Provides insight into operating costs, faculty expenses, and infrastructure needs

Most common components in a proforma analysis

- Revenue Projections-Tuition, fees, grants, and partnerships
- Expense Estimates-Faculty salaries, operations, marketing, technology
- Break-even analysis-year when program cover costs
- Risk assessment-market demand, competition, and financial risks
- Sustainability & Growth-Potential for future expansion and scalability

Steps to conduct a new program financial analysis

- Define program scope and assumptions
- Estimate enrollment and revenue projections
- Identify direct and indirect costs
- Develop a break-even analysis
- Perform risk assessment and scenario planning
- Use findings to support decision-making

TWU-CSI general proforma

- CSI has developed a general proforma as an optional tool for faculty, academic component administrators, and deans to use and engage in new program discussions
- This proforma is a living document and can be updated at any time
- To access it visit our [program proposals webpage](#) inside To do's and check number 3

Conclusion

- Conducting a financial analysis ensures informed decision-making
- A pro forma helps in forecasting and assessing sustainability
- Break-even analysis and risk assessment are critical components
- Aligning financial viability with institutional goals is key
- Regularly update financial models to reflect changing conditions