



COORDINATING COMMITTEE ON GRADUATE AFFAIRS (CCGA)
Rachael Goodhue, Chair
goodhue@primal.ucdavis.edu

ACADEMIC SENATE
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200

August 31, 2012

**DEAN JUDY OLIAN
ANDERSON GRADUATE SCHOOL OF MANAGEMENT**

Dear Dean Olian:

CCGA convened via videoconference on August 17 and August 24, 2012. The committee discussed the proposal from UCLA to convert its full-time state-supported M.B.A. program to self-supporting status. The committee reviewed the proposal and supporting material submitted to former Provost Larry Pitts June 18, 2012 and your July 27 response to CCGA's July 11 memo.

CCGA concluded that the full-time M.B.A. program in the Anderson Graduate School of Management (AGSM) at UCLA does not conform to the intent of the self-supporting policy nor the specific criteria for SSP status included in the policy. Regarding the intent of the policy, the opening sentences of the President's policy of 9/13/2011 indicate clearly that the existing full-time on-campus M.B.A. is not eligible for SSP status, in that the University is already serving these students, and the policy is aimed at serving "additional students above and beyond the resources provided by the state." Furthermore, it is not true in this case that "Currently, there are populations of working adults not served by UC state-supported programs who would be willing to enroll in self-supporting degree programs" because this population is already being served by a UC state-supported program. Other language in the policy document points to the newness of such degrees and references them as additions to current offerings and as subject to the reviews that a new degree would undergo.

The program does not meet any of the four criteria for an SSP articulated in the President's policy. The proposal itself identifies only one criterion under which the program might possibly qualify, that the students are "non-traditional." The AGSM and the UCLA Graduate Dean assert that the Anderson M.B.A. students satisfy this criterion.¹ However, the students have exactly the sort of age and experience that is normal and traditional in a full-time regular-session M.B.A. program.

CCGA acknowledges that it is a serious failure of the 9/13/2011 policy statement not to explicitly address the issue of conversion from state-supported to self-supporting financial status for state-supported programs that do not qualify as self-supporting programs under current policy. Regardless, the current proposal does not conform to the policy as currently written. Given this, and in light of the substantive reservations and as-yet-unanswered questions CCGA has about the current proposal apart from the SSP criteria, **CCGA voted to suspend its review.** The vote was 10-0-1, with the UCLA representative abstaining.

CCGA recommends that the UC Office of the President and the Academic Senate develop an explicit policy regarding such conversions. In the interim CCGA will continue to review SSP proposals under the

¹ June 6, 2012. UCLA Graduate Dean Garrell to Leuchter.

terms of the existing policy as it has done in the past year. CCGA approved numerous new SSPs that conform to the policy in 2011-12 and, in the case of one clearly presented proposal from UCLA, CCGA endorsed the disestablishment of a small program for non-traditional students and the concurrent creation of a similar re-envisioned program as an SSP. CCGA will suspend the review of any additional proposal that proposes to convert an existing program that does not meet the existing SSP policy requirements, such as this one.

CCGA will lift the suspension of its review of UCLA's proposal to convert the full-time M.B.A. in AGSM to self-supporting status once an agreed-upon policy is implemented. Based on the review process to date the proposal must meet the following requirements:

- The proposal demonstrates that its proposed conversion of its full-time M.B.A. program meets the criteria of the new policy.
- The proposal addresses all of the standard academic review criteria that CCGA applies to all proposals. CCGA has various areas of concern regarding the academic content and quality implications of the existing proposal that must be addressed in a new proposal. These concerns are summarized below.
- The divisional Academic Senate's academic review of AGSM scheduled for the 2012-13 academic year is completed. Many of CCGA's specific concerns are best addressed in this academic review process. By copying the 2012-13 UCLA Graduate Council chair on this memo, CCGA requests that the charge for the academic review committee include addressing CCGA's concerns detailed in this memo and its memo of July 11, 2012 and the content of the July 27, 2012 response from AGSM. The review may include point-by-point analysis of the articulated concerns and AGSM responses. CCGA will use the results of this review as part of its evaluation of a new proposal.
- The proposal undergoes the standard divisional Academic Senate review and consultation process for graduate program proposals. Revisions of the proposal undertaken as part of the consultation process are to be documented.

CCGA has serious concerns yet to be addressed regarding the proposal based on the standard criteria it applies to proposals regarding graduate education. These concerns are independent of whether or not the program qualifies for self-supporting status, and are summarized below. That discussion is followed by a short discussion of procedural issues. The memo concludes with a discussion of Systemwide implications. While not all of the latter is a topic for AGSM to address specifically, it provides context for CCGA's broader recommendation that the administration and Academic Senate agree upon a policy for proposals such as this one. One of the important specific concerns regarding this proposal that also is an important consideration for systemwide policy regards the implications for access and affordability of conversions to self-supporting status.

Specific Unaddressed Concerns

CCGA identified a number of specific concerns that were communicated to AGSM on July 11, 2012. None of the major areas of concern were addressed fully. Concerns remain regarding educational quality, access and affordability, faculty resources, the implications of donations contingent on self-supporting status, and incomplete and inconsistent budget information. These concerns regard areas evaluated by the Academic Senate to assess academic quality, including whether or not sufficient resources are available to ensure academic quality. In order to enable a review of these areas, a revised proposal must be complete and clear, as expected for all academic program proposals submitted to CCGA.

Educational quality. The responses provided regarding educational quality exacerbated rather than alleviated CCGA's concerns. The data provided in Appendix B of the July 27, 2012 response document a decline in the number of Ph.D. courses taught and Ph.D. student credit hours completed. A revised proposal must explain these declines. It should include the targeted number of Ph.D. students and the historical enrollment data, including explanations of enrollment variations. It should address whether or not these data have implications

for educational quality. For example, is the breadth of course offerings narrowing? Financial support for Ph.D. students can impact educational quality. The new proposal would detail financial support for Ph.D. students and explain trends. The information should include the type and amount of support both in total and on a per student basis. Support paid as tuition, fees, and non-resident supplemental tuition should be clearly separated from support paid to the student through employment or a fellowship. The 2012-13 academic review will presumably analyze these trends thoroughly, and should enable a clear discussion in a revised proposal.

Similarly, the data regarding teaching led to concerns regarding the quality of the education provided to undergraduates by AGSM. The proposal should discuss plans for maintaining educational quality, including improving the participation of Academic Senate faculty in the program of instruction so that it returns to at least the level it was in 2009-10. The academic review scheduled for 2012-13 should enable a thoroughly developed discussion in the proposal document. Due to the potential implications for undergraduate education, any revised proposal that does not clearly address this concern will require formal consultation with UCEP.

The changes reported for the rankings of the M.B.A. program require discussion, and an explanation of why the existing SSP programs outrank the traditional full-time M.B.A. program relative to their respective competitors. The academic review scheduled for 2012-13 should enable a thoroughly developed discussion in the proposal document.

The statement in the response that revenues from SSPs could not be used for purposes other than the SSPs themselves (p. 1) is factually incorrect. The response mistakenly applies the PDST policy to SSPs. Thus, a revised proposal must address why SSP revenues cannot be used to finance teaching innovations in the state-supported M.B.A. program. Furthermore, this statement contradicts a statement on page 12 of the response that SSP fees retained by AGSM are used for “the general benefit of academic and administrative operations of the school.”

The newly formulated proposal must document implications for the quality of education. Based on the information provided, CCGA sees no evidence that the proposed conversion will improve the quality of education for any students, and sees the potential for it to reduce the quality of education for students in various programs. The Anderson School must make a concrete commitment to maintaining educational quality across all programs and develop a strategy for doing so. The divisional academic review scheduled for 2012-13 is the appropriate venue for developing this strategy.

Access and affordability. Virtually without exception the responses to questions in this area fail to provide sufficient information, and in some instances are unclear. Rather than enumerating all of the individual problems, this section will provide two examples, discuss the implications, and then address what a revised proposal would need to include in addition to a multi-year description of historical and projected revenues and financial aid information.

The response states “The figure consistently referenced in the SSP proposal is a 15% increase in return-to-aid over the current level of funding in FY 11-12” (p. 17). This contradicts Appendix H of the proposal, which states that the proposers anticipate that at least 15% of program funding will be allocated to financial aid. Notably, if one assumes that the response is the true proposed policy then the implication is that no additional dollars of financial aid will be provided. The response phrases the amount purely in terms of its level; the percentage of revenues allocated to financial aid will inevitably decline as tuition increases.

The response ignored the request for a comparison of financial aid in 2010-11 to 2013-14, and provided one for 2011-12 to 2012-13 instead. The resulting comparison provides misleading information and prevents the assessment of changes in financial aid over time, which was CCGA’s objective. The only way the proposers were able to demonstrate a 16% increase in financial aid between the two years they reported was to artificially exclude \$800,000 from funds provided to students by labeling it an offset of a last-minute increase in tuition. Regardless of how that funding was allocated across students, it reduced the total amount of tuition and fees those students owed, thus conforming to the conventional understanding of financial aid. Including those funds

in the amount of 2011-12 financial aid leads to an increase in financial aid that is less on a percentage basis than the increase in tuition plus PDST for resident students between those two years. The implication of this calculation is that the decline in financial aid as a share of program revenues will begin in the next academic year.

A revised proposal would need to provide clear, complete, and consistent information regarding program revenues and financial aid, and a transparent, verifiable commitment to financial aid. It would need to provide information for at least 2009-10 through the projections for the first three years under SSP status.

Faculty resources. None of CCGA's concerns regarding faculty resources were adequately addressed. The response regarding the allocation of teaching resources conflicts with statements in the proposal. No notable shift is expected (p. 5 in response), yet increased flexibility in teaching assignments was cited as a major advantage of the proposal (p. 18). There is again an incorrect statement in the response based on the presumption that SSP funds cannot be used for purposes other than the SSP program itself, specifically the statement that limitations on the use of general funds prevent overload teaching in state-supported programs. SSP funds can be used for this purpose (p. 5).

The response regarding the incentive for faculty to redirect effort toward SSPs due to the supplemental pay they receive for doing so is internally inconsistent. It acknowledges that faculty currently respond to this incentive by favoring the FEMBA and EMBA programs over the M.B.A., but denies that the incentive influences faculty's choices between those programs and the Ph.D. and undergraduate programs (p. 5). The data indicate otherwise, at least over the short timeline provided.

Appendix B provided an inadequate timeline for assessing the impact of the proposed change on teaching activity. The timeline should be extended for at least three academic years after the anticipated conversion date and at least seven years before it.

The new proposal must make a concrete commitment in terms of teaching support for the Ph.D. program and ladder faculty participation in the undergraduate program.

Implications of donations contingent on self-supporting status. Despite a vehement denial that there is any intended influence exerted by the donors on the school in the AGSM 7/27 response, it does appear that the donors are already trying to influence the school by making their funding support contingent on program status. The response provides no concrete evidence that the estimate of roughly \$1 million per year in endowment earnings from the \$19 million contingent donations is an underestimate; indeed, under the current Regents policy on endowment payout, \$1 million per year is a slight overestimate.

Budget. The actual financial impacts of the proposal remain unclear. For example, a response on p. 12 suggests that the gain to the campus due to payments from the converted program would be only \$1.7 million rather than \$4.2 million. Responses to specific questions are sometimes incomplete.

The proposers' responses to budgetary questions tend to avoid acknowledging that money is generally fungible and that current procedures do not dictate available options. For example, the campus can easily compute the revenues it obtains from M.B.A. students under the funding streams model, regardless of whether or not it actually does so when allocating funds to the Anderson School. Thus, computing the share of tuition revenues retained by the general campus to pay other expenses should be straightforward. The responses are not always factually correct; p. 11 of the response refers to "retaining the PDST" yet the proposed financial model would in fact eliminate PDST.

Rather than enumerating the large number of problematic responses, the committee simply notes that a comparable budget analysis with comparable documentation in the newly formulated proposal would be unacceptable. A clear demonstration of the budget and identification of exactly how both the Anderson School and the general campus could benefit, and the amount, is required.

Procedural Concerns

Evidence of meaningful and complete review by the divisional Senate must be included in the future proposal. Secret documents that cannot be reviewed in advance of a meeting or reread after one are a serious concern. Distributing budget documents and using feedback provided as part of the review process could have improved the clarity of the proposal's budget documentation prior to its submission to CCGA. The lack of any revision of the actual proposal to reflect input from the consultation process is disturbing, particularly for a proposal that was rejected by the divisional Graduate Council and approved by a very narrow vote in the divisional Assembly.²

CCGA's concern regarding process was intensified by the proposers' responses. The proposers declined to address certain budget-related questions in part because they deemed them outside CCGA's charge. However, the Academic Senate has a statutory advisory role regarding budgetary matters,³ the claimed but elusive budgetary gains are put forward as the main argument in favor of the proposal, and budgetary issues do affect the allocation of resources among instructional priorities. Due to the severity of the problems with the budget information included in the June 18 proposal, CCGA decided not to consult with UCPB regarding the submission, particularly because the proposers requested an expedited review while the University was not in session. Rather, CCGA anticipated that a response would present sufficient budget information to enable UCPB to provide a substantive review if concerns remained. This was not the case. Any revised proposal that does not clearly address CCGA's concerns will necessarily involve extensive formal UCPB consultation.

Systemwide Implications

CCGA is very troubled by the Systemwide implications of the proposal. CCGA supports strongly the development of a specific policy addressing the conversion of a program that was started and supported over many years with state resources to self-supporting status. Not all of these issues are ones that AGSM itself can address, but we discuss them here to provide context and desiderata for the development of a clear conversion policy agreed upon by the administration and the Academic Senate. The context of such conversions is radically different from the launch of new SSPs that have never utilized state resources. In acknowledgment of the state's longstanding investment, such programs should arguably operate under different rules, for example by committing to enhanced need-based financial aid to California residents.

CCGA's assessment is that any program currently using PDST to support academic quality has the same incentive to convert to a SSP as AGSM does to convert its full-time M.B.A. program. Thus, the potential exists for a large number of conversions, which would imply a large transfer of the state's past investment to self-supporting programs; it is critical that the rules under which these converted programs operate reflect that fact. Ad hoc consideration of individual conversion proposals does not serve the interests of the University or the people of California.

The implications of conversion are sufficiently important that the policy and associated procedures should be included in the Compendium and the roles of the Academic Senate Compendium committees should be articulated. In addition to the standard program considerations addressed under existing Compendium procedures, any conversion policy must recognize the historical investment of the state, maintain the same Regental approval process for tuition as for state-supported programs, ensure consistency with the University's existing financial model, and address access and affordability – especially for qualified California residents with financial need.

Maintain Regental oversight. The AGSM Dean's 7/27 response cites the ability to set tuition independently of the Board of Regents, subject only to Presidential approval, as an advantage of conversion to SSP status under the current policy. Page 14 of the response states:

² On March 16, 2012 the UCLA Graduate Council voted 3-7-2, with 7 members absent. Of the 7 absent, one registered a no vote. On June 7, 2012 the UCLA Legislative Assembly voted 53-46-3.

³ <http://www.universityofcalifornia.edu/regents/bylaws/so1052.html>.

[A]ll professional programs levying the PDST are significantly disadvantaged by the current Regental practice of not addressing tuition increases in a timely fashion. Because PDST requests are submitted months in advance after evaluating school needs and market comparators, these unpredictable and last-minute tuition increases, when added to the PDST, can have the effect of raising total tuition above market levels and driving students to choose to attend other schools where tuition levels are more predictable....

In addition, CCGA ignores the fact that all recent tuition increases have been implemented to replace State funding reductions, and have generated no new revenue to be distributed within the campuses.

CCGA is dismayed that AGSM considers freedom from direct Regental oversight an important advantage of self-supporting status. The M.B.A. program was initiated and developed, in part, with state funds under Regental oversight. In recognition of the benefits obtained from state support, the proposed tuition for any converted program should be subject to direct Regental approval, rather than having approval delegated to the President.

The policy must conform to the funding streams and rebenching policies. The justification for a conversion must go beyond the narrow financial benefits for a specific program, or a specific redirection of state funds formerly allocated to the converted program. As the number of proposed conversions increases, the size of the potential resource transfer increases. This intensifies the need for public discussion regarding the financial implications for the University. There must be Systemwide involvement in the redistribution of state funds. The Academic Council's August 9, 2012 memo regarding rebenching principles states as one of those principles that:

5. UCOP and the Senate should analyze the impact of various enrollment scenarios under rebenching, for both undergraduate and graduate students, especially when adding or removing educational paths and redistributing state funding.

This principle specifically addresses the role of self-supporting programs in enrollment management:

5a. The Systemwide enrollment management plan should reflect the President's Policy on Self-Supporting Graduate Degree Programs (see especially Section 6A) and consider not only the impact on the program itself and spillover impacts on closely related programs, but also how the conversion will affect enrollment targets for both undergraduate and graduate students under rebenching and UC's ability to meet its Master Plan obligations.⁴

CCGA reaffirms this principle.

The policy should protect program access. One element of access is maintaining a consistent route to program entry and completion. Under the common understanding of the term conversion, the existing state-supported program cannot co-exist with its converted equivalent. The conversion policy should disallow concurrently active state-supported and self-supported degree programs on a campus that are identical except for their support status. The state-supported program should, at a minimum, be suspended while the SSP is open (although disestablishment is the preferred action). Any action to terminate the SSP and re-open the state-supported program would require divisional and Systemwide review and approval. To do otherwise would violate the intent of the SSP policy as the two programs would be identical except for the funding mechanism of support.

Any conversion policy should protect program access and affordability for California residents. A state-supported program that proposes to convert to self-supporting status has, by definition, benefitted from the historical use of resources supplied in part by California taxpayers. The current SSP policy requires a self-

⁴ Academic Council Chair Anderson to Yudof, Dorr, and Brostrom, August 9, 2012, p. 4.

supporting program to compensate its campus for its current-period use of campus resources provided in part by California taxpayers. It does not address the value of the historical investment made by the state.

Though perhaps it is not sufficient, one appropriate way for the University to acknowledge this value is to require “converting programs” to make binding concrete commitments to maintaining access and affordability for California residents. One possible policy would be to require a minimum percentage of program revenues to be directed toward financial aid, and a minimum share of financial aid funds to be devoted to need-based aid for California residents. For example, a converting program could be required to direct at least 25% of revenues to financial aid, and 60% of financial aid (15% of revenues) to need-based aid for California residents.

Sincerely,

A handwritten signature in black ink, appearing to read "Rachael Goodhue". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rachael Goodhue, Ph.D.
Chair, CCGA

Copy: Robert Anderson, Academic Council Chair
Robert Powell, Academic Council Vice Chair
William Jacob, Academic Council Vice Chair-elect
Aimée Dorr, Executive Vice President and Provost
Scott Waugh, UCLA Executive Vice Chancellor and Provost
Andy Leuchter, Los Angeles Division Chair
Martha Winnacker, Academic Senate Executive Director
Jaime Balboa, Los Angeles Division Chief Administrative Officer
Joseph Nagy, UCLA Graduate Council Chair
Robin Garrell, UCLA Graduate Division Dean and Vice Provost
Jim Chalfant, University Committee on Planning and Budget Chair
CCGA Members
Eric Zárate, Senior Policy Analyst