

To: Andrew Leuchter, Chair, Academic Senate

From: Joseph Nagy, Chair, Graduate Council

Date: March 28, 2012

Re: Appendix V Request – Proposal from the Anderson Graduate School of Management to Convert the MBA to a Self-Supporting Program

At its meeting on March 16, 2012, the Graduate Council completed its review of the Appendix V proposal from the Anderson Graduate School of Management to convert its Master of Business Administration (MBA) to self-supporting status. Following an extensive review, including meetings with affected faculty and students and consideration of a number of written arguments, the Graduate Council voted to oppose the proposed conversion [*of 20 eligible, 3 members voted in favor, 7 were opposed, 2 abstained, and 1 registered a 'no vote' (7 members were absent); GSA Representatives: 3 were opposed (1 was absent)*]. The vote was taken by paper ballot to alleviate any concerns about influencing its outcome.

Per the Coordinating Committee on Graduate Affairs' guidelines for the conversion of existing programs to self-supporting status, such an action requires the discontinuance of the existing, state-funded degree program and establishment of the new program as self-supporting. The discontinuance requires employment of the Division's Appendix V procedures. The Council was apprised of the recent discussions at the statewide level about whether CCGA's guidelines for converting state-supported degree programs to self-supporting status were agreed to by the Office of the President; however, given the late notification that there may not actually be an approved procedure for such actions, the Council continued with its review – and conducted its vote – under the assumption that such guidelines are appropriate for converting existing degree programs to self-supporting status given the direct and probable impact a “change of funding” would have on the MBA program as well as the School's other deliverables to the UCLA campus, which is stipulated by the UC policy as well.

As charged by the Executive Board on December 20, 2011, the Graduate Council served as the designated committee to coordinate the vetting process for the proposed Appendix V action. Such a designation resulted in an elevated review, focused not only on the MBA degree and curriculum, but on the wide-ranging impact of the proposed conversion on the University as a whole. The proposal was presented to the Graduate Council's Committee on Degree Programs at its meeting on December 15, 2011 (in anticipation of receiving the charge letter), which determined that the action could not be handled as an alternative dispute resolution due to the number of opposition votes registered by the Anderson faculty and faculty executive committee. The proposal was then presented to the full Graduate Council at its meeting on January 6, 2012, and there was discussion about the Council's vetting process and whether a separate *ad hoc* committee should be established to conduct the primary review of the proposal, or if the *ad hoc* committee should be the committee of the whole Graduate Council, as

recommended in your letter of December 20, 2011. The Graduate Council accepted your recommendation and selected itself as the *ad hoc* committee.

Following this determination, I sent an invitation to all Anderson faculty members on January 23, 2012, to attend an upcoming meeting of the Graduate Council or to submit written arguments concerning the proposed conversion for the Council members' consideration. The Council met with the School's FEC Chair and another faculty member at its meeting on February 3rd; with the Dean and Chairman of the School, and three other faculty members at its meeting on February 17th; with the Chairman and incoming and outgoing Presidents of the Anderson Student Association at its meeting on March 2nd; and with two additional faculty members at its meeting on March 16th. Additionally the Council received four written statements from Anderson faculty members, as well as feedback from the Academic Senate's Council on Planning and Budget (CPB) and Undergraduate Council (UgC). The guests presented a good sampling of opinions about this proposal, from those strongly in favor to those strongly opposed, and provided the Council members with very reasonable arguments that helped to frame their ultimate vote against this proposal.

The proposal makes many assertions about the need to convert its cornerstone program to self-supporting status after fifty years of it being operated as a "state"-supported program (by "state" we mean "general fund" for greater accuracy – see CPB statement). We emphasize that this is the first instance in UC history known to us where a department or professional school is proposing to turn its "main event," in this case the MBA program, into an SSP. The proposal claims that a self-supporting, full-time MBA provides for increased: 1) predictability in student fees; 2) flexibility to invest in the Program to improve teaching and learning; and 3) student support that renders the School more competitive with its peer programs. It asserts a benefit to the UCLA campus, which would recoup a portion of the permanent budget shortfall, in the amount of \$2.7 million in state funds, and \$4.2 million in campus overhead costs. It predicts increased fund-raising activity once the program becomes self-supporting. Additionally it purports that MBA students are non-traditional in that the students have previous work experience and a large number are non-resident and/or international. In general Council members were not persuaded by these arguments inasmuch as there was insufficient evidence within the proposal to support them.

With respect to the students being "non-traditional," the UC Policy on Self-Supporting Graduate Degree Programs, which was approved by UCOP in September 2011, includes as its very first provision the following: "Self-supporting graduate degree programs should meet one or more of the following criteria, although meeting a single criterion is not necessarily sufficient justification for self-supporting status: 1) primarily serve a non-traditional population, such as full-time employees, mid-career professionals, international students, and/or students supported by their employers; 2) be offered through an alternative mode of delivery, such as online instruction or a hybrid model; 3) be alternatively scheduled, such as during evenings, weekends, and summers; and/or 4) be offered in an alternative location (e.g., off-campus centers)." While the proposal attempted to classify full-time MBA students under these criteria, it described a typical student enrolled in a professional graduate degree program and provided no clear evidence that the proposal met even one of the required criteria. On these grounds, the Council was not convinced that a SSP MBA would even conform to UC policy.

However, this was not the main crux for the Council's opposition, which had its primary roots in the many unanswered questions about the School's primary motivations for requesting self-supporting status of the full-time MBA program. Council members considered other, existing professional degree programs at UCLA and other existing MBA programs within the UC, and their relation to the Anderson

proposal. Members were not persuaded by the arguments of increased fund-raising as a product of the MBA converting to self-supporting status, when two professional schools at UCLA recently received significant gifts from private donors. Members surmise that prospective donors are more interested in an institution's ethos and action than in a funding model change to a degree program that has long been considered a distinguished degree both nationally and internationally. Nor was it at all clear to us how the conversion of the MBA program to SSP status would increase the School's "flexibility," or how and where the program's current status has led to an implied "inflexibility" in what the School can plan and do.

The Council heard from both pro and contra sides to the proposal about the potential for enticing "superstar" faculty to UCLA if the Program converted to self-supporting status, who would bring their cachet of research expertise and reputation to further enhance the School's excellence. This scenario caused worry among the Council members about the potential disparity of teaching assignments and whether the School considered the very real danger, implicit in its proposal, of creating two classes of faculty, with the "lesser" carrying the primary load of teaching assignments. This outcome would be no more desirable than the current situation in which, we were told, there is more incentive for the faculty to teach in one of the School's self-supporting programs and less in the MBA program. A similar concern was expressed by the Undergraduate Council in its response about the School's commitment to the undergraduate programs (Accounting minor and service courses for Economics majors). Whatever the future holds for the Management School, the Graduate Council would recommend an even and balanced distribution of teaching assignments, with an expectation of all faculty to be engaged in the MBA program as well as in the self-supporting programs.

Furthermore, the Council heard that, under the current funding model, the MBA is not allocated funding to advance its curriculum to the same extent that the self-supporting programs are. While a "pro" argument to some, members expressed some concern about the School's priorities and questioned whether it should consider allocating revenues from the current self-supporting programs to off-set decreasing levels of support gleaned from the MBA's differential fee. Additionally, while declarations were made about the potential for improvements to the MBA if it converts to self-supporting status, members did not find tangible evidence within the proposal that the conversion would indeed improve instruction in the Program. From the "contra" side, members heard genuine fears expressed that the conversion to self-supporting status would in fact diminish the quality of both the students admitted into the Program and the instruction they would be provided.

From a financial perspective, members also questioned the level of support to the School's Ph.D. Program, which, per data analyses provided by the Graduate Division, demonstrated the amount of Graduate Division funding used to fund Ph.D. students as being 2/3 of the total allocation they receive. While the Anderson Dean expressed clear support for the Ph.D. Program and indicated that the School's commitment to it is "baked" into their five-year financial projections, the Council would have liked to see more evidence of this commitment.

Members are sympathetic to concerns about the threat of the State's current fiscal crisis to the entire University of California, and acknowledge the precarious position that all campuses are in, having to do more with less. By responding with a call for changing a program's funding model, rather than with a campaign to convince the State of the value of the University of California and its academic programs, members worry about the message such a conversion would send to the state legislature, the potential marginalization of programs entirely dependent on state-funding, and the disparities that could very well result among campus programs following conversion to a self-supporting model and those that do

not or cannot. Indeed, many of us feel, the proposed conversion offers a quick-fix to the current crisis, but it also compromises the virtues that we expound of a “public education” and our commitment as UCLA faculty to the citizens of the State of California and beyond.

All departments have been impacted by budget cuts, and graduate education as a whole is on thin ice with the ever-increasing tuition amounts. But yet most programs cannot convert to self-supporting status. The State of California must recognize that profound changes need to take place if the University of California is to remain sustainable over the long-term. And these changes should take place before individual departments are expected to fend for themselves. Tens of other professional degree programs are grappling with the increasing tuition as it relates to the level of their differential fees and pricing their programs out of the market. Anderson is not alone.

The Council considers the unknown risks of this proposal to outweigh the potential benefits. It wants demonstrable evidence that the conversion would make Anderson more competitive, improve accessibility for all students, and enhance the quality of programming for those students making the investment in their futures. The majority of us did not see such evidence and, therefore, could not support moving this proposal forward despite the purported financial implications.

The Council very much appreciates the amount of time, energy and attention that the Dean, Chair and other concerned faculty gave to us during our review of the proposal.

If you have any questions or concerns about this response, please feel free to contact me via the Graduate Council’s analyst, Kyle Cunningham, at 310-825-1162.

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