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July 9, 2021

MICHAEL T. BROWN
PROVOST AND EXECUTIVE VICE PRESIDENT
UNIVERSITY OF CALIFORNIA

Re: Report of the CCGA/UCPB Workgroup on SSGPDPs

Dear Michael,

At its June 2021 meeting, the Academic Council endorsed the attached report on self-supporting graduate professional degree programs (SSGPDPs) authored by the Coordinating Committee on Graduate Affairs (CCGA) and the University Committee on Planning and Budget (UCPB). The report analyzes the impact of SSGPDPs on curricula, students, campus budgets, state-supported programs, and faculty effort and compensation. It discusses recent changes in the structure of SSGPDPs, their hidden costs, effects on UC's reputation, and challenges with defining and tracking their success. The report also outlines a set of recommendations for the sustainable and transparent academic and financial reporting and review of SSGPDPs that upholds a UC level of quality.

The Compendium¹ and CCGA Handbook Appendix K² outline the role of the Academic Senate in the review of SSGPDP proposals in the context of the University's 2016 SSGPDP policy³. CCGA leads the main systemwide review of proposed SSGPDPs, while UCPB provides financial analysis to CCGA after assessing the business plan and market analysis.

The number of SSGPDPs has exploded in recent years as part of a revenue strategy to address declining state support. In fact, the University's most recent Five-Year Academic Plan projects that new SSGPDPs will surpass new state-supported programs within five years. We understand that SSGPDPs are an important and growing source of revenue for campuses and sometimes their only avenue for creating new academic programs in an era of state disinvestment.

However, the Senate has long been concerned that it has no way to assess the financial performance and academic outcomes of SSGPDPs relative to projections after they have been

¹ http://senate.universityofcalifornia.edu/_files/resources/2014CompendiumFINAL.pdf

² https://senate.universityofcalifornia.edu/_files/committees/ccga/ccga-handbook-august-2016.pdf

³³ <https://policy.ucop.edu/doc/2100601/SSGPDP>

established. Although SSGPDPs are intended to generate funds, it not easy to determine whether they have achieved self-supporting status. In fact, there is concern that some programs may be diverting resources from state-supported programs. Moreover, it is unclear if and how the three-year campus evaluations of approved SSGPDPs, which is outlined in UC policy, are proceeding. These concerns are widely shared in the Senate, are exceptionally important, and the data to address the concerns are mostly unavailable at this time. The Senate is also concerned that the high cost of SSGPDPs makes them less accessible to underprivileged student populations. On this point, are there expectations or requirements that some of the funds generated by these programs are used for financial aid for deserving students who lack the resources to attend? The CCGA/UCPB report discusses these issues and others in more detail.

We ask that this report be available as a reference for the joint work group recommended in a separate letter to evaluate the overall master's program review process. We have also asked CCGA and UCPB to work together to create a common template of questions related to academic and cost accounting that should be addressed at the campus or systemwide review stage.

We look forward to working with you on this matter. Please do not hesitate to contact me if you have additional questions.

Sincerely,

A handwritten signature in cursive script that reads "Mary Gauvain".

Mary Gauvain, Chair
Academic Council

Cc: Chief of Staff Peterson
CCGA
UCPB
Academic Council
Senate Directors
Systemwide Senate Director Baxter

Encl.

**COORDINATING COMMITTEE ON GRADUATE AFFAIRS (CCGA)**

Amr El Abbadi, Chair

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1111 Franklin Street, 12th Floor
Oakland, California 94607-520**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)**

Sean Malloy, Chair

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June 16, 2021

**ACADEMIC COUNCIL CHAIR MARY GAUVAIN
ACADEMIC COUNCIL VICE CHAIR ROBERT HORWITZ**

Dear Chair Gauvain and Vice Chair Horwitz,

In AY 2019-2020, CCGA and UCPB formed a joint working group to analyze further the impact of self-supporting graduate professional degree programs (SSGPDPs) on curricula, students, budgets, and faculty. As you are well-aware, the landscape of SSGPDPs is both complicated and rapidly changing. In AY 2020-2021 this joint working group focused on emerging issues surrounding cost accounting, financial transparency, and spill-over effects for self-supporting graduate professional degree programs (SSGPDPs).

Self-supporting programs have existed in the UC since 1972, and between 1972 and 2005 a total of 32 SSGPDPs were established across the UC system. Since 2005, there has been a rapid increase both in the number of programs (numbering 93 by fall 2017) and program proposals. Furthermore, as the *2020-2025 Five-Year Planning Perspectives* report observes, “In the 2020-25 cycle, self-supporting program proposals (81 items) surpassed proposals for state-supported programs (58 items) for the first time” (p. 1). It is thus crucial that we re-examine our procedures for evaluating these programs.

As noted in the University of California Self-supporting Graduate Professional Degree Programs Policy, a SSGPDP must not have “a detrimental impact on state-supported teaching, research, or service, both academically and financially, in the unit proposing the program”. While CCGA and UCPB carefully analyze program *proposals* for academic excellence and financial sustainability, once the programs are approved there is little interaction or follow-up at the system-wide level with these programs. We have become aware of several SSGPDPs that changed rapidly after Presidential approval but before even the first mandated three-year review. These rapid changes have been observed with respect to both curricula and budgets.

In addition, there are significant questions as to whether or not many SSGPDPs are truly self-supporting. While submitted budgets include expenses such as faculty and staff salaries, there are many hidden costs that are omitted from any formal accounting and which may not be fully covered by the (often modest) campus taxes. Currently, there is not a consistent set of practices across the UC system for evaluating, implementing, or monitoring these programs. The lack of such guidelines has led to large variation in taxation and regulation of these programs.

In the attached report, you will find the joint working group's analysis of some of the potential hidden costs incurred by these programs that likely escape budgetary review, recommendations for increasing the transparency and accountability of these programs, for promoting systemwide standards, and for tracking and strengthening the contributions of SSGPDPs to campuses and to the UC graduate enterprise. This report has been endorsed by both CCGA and UCPB, and is submitted for your review.

Respectfully,



Amr El Abbadi, Chair
CCGA



Sean Malloy, Chair
UCPB

cc: CCGA Members
UCPB Members
Hilary Baxter, Academic Senate Executive Director
Michael LaBriola, Academic Senate Assistant Director

CCGA/UCPB Workgroup Report on SSGPDPs

A joint working group of CCGA and UCPB re-convened in the 2020-2021 academic year to examine emerging issues surrounding cost accounting, financial transparency, and spill-over effects for self-supporting graduate professional degree programs (SSGPDPs). The working group was co-chaired by Andrea Kasko (CCGA) and Kathleen McGarry (UCPB), and included Holly Doremus (UCPB), Erith Jaffee-Berg (CCGA), Kwai Ng (UCPB), Arvind Rajaraman (CCGA), and Donald Seneor (UCPB). The committee met five times throughout the year to discuss numerous issues including the hidden costs of SSGPDPs, faculty compensation in these programs, the recent rapid changes in the structure of approved programs, the effects of SSGPDPs on the reputation of the University of California system, and how to define and track success for SSGPDPs. We examined these components as they pertain to the effect of SSGPDP on our serving the mission of University of California system and the needs of the state itself. Below we summarize briefly our thoughts on these topics.

Returns to Campuses. The goal of many SSGPDPs is to provide income to their campuses—with the profits from such programs accruing to the units offering the degrees, to the respective deans, and to general funds. How the revenues are allocated across the campus depends on both the formulae used to tax these funds and how the campus chooses to distribute earned income. The tax rates, the bases to which these rates apply, and the rubrics used to distribute revenues vary widely across campuses and even across programs within a single campus.[1] While we do not advocate a standard set of rules, we do encourage campuses to be transparent in these regards.

Furthermore, it is often difficult to track the revenues and to understand how they are being used to benefit a campus. A 2019 memo from CCGA to the Academic Senate outlined this concern regarding transparency.

“Most revenues, however, go into a general fund at the level of the dean, where they become by and large untraceable. Interestingly, when asked what revenues were used for, the most prevalent response of interviewees was “graduate support.” We do not know at this point whether this response names a truth or is simply an impression. Going forward, we will have to specifically request that recipients of SSGPDP revenues track their spending if we are to have concrete and reliable answers to the question. ... Further, we would add that we came away unconvinced that indirect costs are being adequately accounted for—albeit we are here in notoriously murky territory”

One potentially problematic outcome is that the administration may reduce other support flowing to units with successful SSGPDPs, in a sense crowding out much of the benefit for those units. Because SSGPDPs require a great deal of work and entail hidden (unaccounted for) costs, such practices may discourage programs from offering SSGPDPs or encourage programs to alter the type and size of program provided. As noted below, it may also create incentives to allocate costs so as to reduce accounting profit.

Hidden costs of SSGPDPs. Taxes on SSGPDPs are intended to compensate the campus for the costs of the programs beyond the direct costs accruing to the offering unit. However, given how difficult some costs are to enumerate, the taxes paid to the administration may not fully offset the costs. For example, is the campus tax sufficient to cover maintenance services, janitorial services, IT services, student services, counseling and advising, library access, parking and security? Is faculty and staff time fully compensated?

There are also less tangible costs imposed by SSGPDPs on campuses. Space that would otherwise go to students in state-supported programs (including classroom space at prime times, classrooms equipped with the latest technologies, computer labs and science lab spaces and study spaces) may be allocated to SSGPDPs, impacting or crowding out students in state-supported programs.

Another intangible cost is the quality of instructors in the SSGPDPs. For example, are the best/most visible faculty selected to teach in the SSGPDPs at the expense of state-supported programs?[2] Are TAs being siphoned from state-supported programs or are the best TAs assigned to self-supporting programs? Are faculty instructors in state-supported programs being replaced with lecturers? In other words, is there a built-in incentive for faculty and TAs to teach in the SSGPDPs, which may have additional compensation to them, rather than in the state-supported programs?

As these SSGPDPs grow in number and size, the burden they place on local and systemwide academic senate committees will also grow. In particular, academic program review is likely to be significantly impacted, as is proposal review with respect to the rapid establishment of new SSGPDPs. Already, the CCGA is spending a large portion of its time reviewing the SSGPDPs, taking focus and energy away from the review of state-supported programs. Similarly, at the divisional level, graduate councils are devoting a large proportion of their time to handling issues that come up with the SSGPDPs. Furthermore, additional (disproportionate) administrative burdens will be placed on campus units such as graduate divisions and student affairs units.

Finally, there are significant concerns about costs of programs to the UC brand. These programs leverage the name and reputation of the University of California to attract students, but the financial incentives to expand these programs provide may overshadow our collective commitment to academic excellence. Pressure to maintain or increase enrollments, particularly if there are changes in preferences of potential students over time, may lead to lessening of standards in a struggle to maintain or increase profitability.

Faculty compensation in SSGPDPs. Faculty compensation in SSGPDPs also varies widely between the UC campuses. Most recently, there has been an increase in programs proposing mixed enrollment—enrollment policies in which students in SSGPDPs enroll in courses in state-supported degree programs, and mixing Ph.D. and SSGPDP students or undergraduate and SSGPDP students. Some campuses have chosen not to adjust faculty (or TA) compensation for adding students to existing courses. However, in addition to the extra workload from more students—more office hours,

grading, etc.--students in SSGPDPs, by nature, are different from students in state-supported courses, and may require a different type of support and interaction from the instructor. Furthermore, there are pedagogical challenges to increasing course sizes, and in particular, concerns about the impact of adding a large number of professional SSGPDP master's students to courses designed for (small cohorts) of state-supported PhD students. Doing so risks diluting the quality of the training offered to our Ph.D. students and eventually a potential decline in the ability to attract the best students to our Ph.D. programs.

Faculty compensation for teaching in SSGPDPs is typically provided either through the buy-out of state-supported teaching or through additional compensation for teaching on an overload basis. Buy-outs preserve research and service time for faculty but have the potential to impact negatively state supported programs as faculty receiving buy-outs will be less available to teach in state-supported programs—programs for which most were initially hired to teach. If the more talented teachers are selected for the SSGPDP, buy-outs can further weaken the quality of state-supported education.

Additionally, if faculty are compensated for work on SSGPDPs (such as admissions or advising) they will have little incentive to serve in these capacities for state-supported programs which typically provide no additional compensation for these efforts.

In contrast, overload teaching preserves faculty commitments to teaching in state-supported programs but may negatively impact time available for research, to engage in departmental or university service, to train graduate students, or to work with undergraduates through independent study, advising, etc. The quality of instruction could also be impacted as hours available to prepare for lectures are reduced.

Finally, UC Policy APM 662.2 restricts additional compensation for additional (overload) teaching when the faculty member does not carry the full approved teaching load for the department. The impact of this policy is that faculty members who have a reduced teaching load (even temporarily) for reasons such as academic senate service, administrative appointments, or sabbaticals during a portion of the academic year, are ineligible for additional compensation. This policy may create incentives for faculty who wish to teach in self-support programs and receive the additional compensation to forego departmental or university service.

Rapidly changing programs. Once new SSGPDPs are approved by CCGA and UCOP, the first formal evaluation occurs at the three year mark. We have become aware of several programs that have undergone rapid curricular and programmatic changes within these first three years, changes that are sufficiently large that even three years out, the program may be drastically different than that which was initially approved. Currently there is no mechanism for requiring the reporting of such changes to CCGA or UCPB. However, WASC considers changes in program length of 25 percent and/or changes in the mode of delivery by 50 percent or more to be substantive changes. We anticipate this issue will become even more prevalent in the next few years, as programs have become accustomed to remote instruction during the COVID-19 pandemic and may seek to change from in-person delivery to modes that are entirely or partially remote. Furthermore, if a large number of programs transition to remote or online teaching, the

change will trigger a substantive change review with WASC as WASC notes in its guidelines:

“The addition of courses or programs that represent a significant departure from the existing offerings of educational programs, or method of delivery, from those that were offered when the agency last evaluated the institution“

Effects of SSGPDPs on the long-term reputation of the UC. SSGPDPs benefit from the world-class reputation of the University of California, but the financial incentives these programs provide to departments, deans and campuses may overshadow our collective commitment to furthering the University of California’s mission of academic excellence, diversity, and accessibility. In order to preserve the reputation of the University of California and its individual campuses, it important that all stakeholders follow the 2011 systemwide policy, which states that SSGPDPs:

- *“should be held to the same standards of quality as regular programs”*
- *“standards of admission and performance of students should be demonstrably high”*
- *teaching faculty “should be appointed through regular campus processes.” Though the proportion of non-ladder faculty may be higher in practice-oriented programs, that proportion must be in keeping with campus standards.*
- *“any programs should be established by academic departments or units and staffed with faculty on the same basis as state-supported programs”*
- *“Such programs should not be undertaken if they strain the resources of the department that sponsors them or have an adverse effect on regular programs on campus.”*
- *“must be equally available to all qualified students”*
- *“must have an articulated financial accessibility goal for their students and a student financial support plan for achieving their goal”*

How to define and track success for SSGPDPs. SSGPDPs have generally been treated as separate from other graduate degree programs within a department and have thus largely escaped scrutiny during the regular academic program reviews. Furthermore, because state-supported programs do not face the same financial pressures or concerns as SSGPDPs, financial issues have not played a large role in these standard reviews. Thus, any analysis of the financial aspects of SSGPDPs at this time is likely to be insufficient. Such analyses are important not only to ensure the financial viability of these programs at the third-year review, but to ensure financial transparency and accountability beyond that point, and ought to be central in program review.

The UCOP mandated third-year review of all newly established SSGPDPs is vague in its intent but appears to be aimed primarily at measuring financial viability. Additional information is necessary to evaluate fully these programs. As noted in the 2019 memo from CCGA to the Academic Senate, three years may be insufficient to assess fully the academic quality of given program. Other metrics may be useful in evaluating the success of these programs. For example, how has enrollment changed in state-supported master’s and PhD programs with the increase in the number of SSGPDPs? Is there a point at which these programs will overtake similar/competing state-supported programs in terms of enrollment and/or number of degrees produced? How does faculty hiring scale with the growth of these programs? How do these programs contribute financially to the

campus as a whole? Are there any potential early indicators of trouble in these programs? How is the UC's commitment to diversity upheld in these programs?

Relatedly, programs / subjects will vary in popularity and relevance over time. Methods need to be established to determine when a program ought to be sunsetted and how that process is to be enacted. Establishing such guidelines or metrics before the need arises, will likely make the process more transparent and more acceptable for those involved should such a time come. Proposals ought to include metrics for how success is measured and plans for eventual sunseting or for adjusting programs over time as needs and relevance change.

Financial reporting from SSGPDPs. In some cases, campuses may choose to sponsor a SSGPDP beyond its first three years by using non-disallowed funds. For example, as suggested above, when a SSGPDP with a track record of positive revenue-generation experiences a market downturn, a campus might decide to subsidize the program in the hope that it will return a positive stream. In the spirit of transparency, it is important for subsidies or loans provided by campus/units beyond the first three years to be reported to local graduate councils and councils on planning and budget.

Similarly, SSGPDPs should report the average compensation provided for instruction on a per course basis. And for comparison, in case of buy-outs, the ratio of average instructional compensation per course in a SSGPDP to the average cost of a replacement instructor in the state-funded program.

Conclusions. As the number of SSGPDPs in the UC system grows, local and systemwide Academic Senate committees need to be proactive in ensuring that these programs support and enhance the University of California's mission of academic excellence, diversity, and accessibility. Doing so will undoubtedly place additional burdens on local and systemwide academic senate committees that may not be sustainable without a substantial increase in resources. The working subgroup has generated the following list of recommendations:

[1] We understand that programs may differ greatly in costs or in how costs are attributed to them by the various campuses, potentially leading to large differences between net revenues for programs with similar gross revenues. Many campuses also waive the tax in the first three years as the programs are being established and finding their fiscal footing.

[2] A related issue is the diversity of the faculty selected to teach in these programs, particularly when teaching is done on an overload basis. Given other time commitments and known biases in teaching evaluations, are women and faculty of color underrepresented in these programs (as teaching evaluations may be used to select instructors).

Recommendations:

| Timeline | Area of Focus | Recommendation | Responsibility And Resources needed |
|-------------|---|--|---|
| Summer 2021 | Increase transparency and accountability of SSGPDPs | <p>Adopt a policy requiring all SSGPDPs to report any curricular or financial deviations from the approved proposal that occur before the third-year review not only to their local graduate council, but also to CCGA and UCPB. Changes covered by this recommendation include, but are not limited to:</p> <ol style="list-style-type: none"> 1. Increases or decreases in the number of required units 2. Changes in the mode of instruction from in-person to online in any course (other than temporary changes made under emergency circumstances such as COVID-19) 3. Changes to the faculty teaching the program and faculty compensation (i.e. rank or type) 4. Changes in curricula of SSGPDPs that may impact state-supported students (i.e. mixing SSGPDP students in courses with students from state-supported programs) 5. Changes to return to aid 6. Changes to staff FTE and/or compensation | <p>CCGA and UCPB</p> <p><u>Resources needed:</u> Will require extra time from CCGA and UCPB members (increase size of both?) and increased staff time at systemwide</p> |
| Summer 2021 | Increase transparency and accountability of SSGPDPs | <p>Adopt a policy requiring programs to discuss explicitly the contributions (financial, curricular, and otherwise) of the SSGPDP to the campus at the third-year review and in all subsequent reviews. State clearly and with supporting data how well</p> | <p>CCGA and UCPB</p> <p><u>Resources needed:</u> Will require extra time from CCGA and UCPB members (increase size of both?) and</p> |

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| | | the program has met its stated goals. | increased staff time at systemwide |
| Fall 2021 | Maintain institutional knowledge and promote UC standards across campuses | CCGA and UCPB to co-host an orientation meeting at the beginning of each academic year for all chairs of all UC Graduate Councils and Committees on Planning and Budget to discuss specific issues regarding SSGPDPs. | CCGA and UCPB |
| Fall 2021– Winter 2022, with published guidance in Spring 2022 | Maintain institutional knowledge and promote standards across campuses | CCGA and UCPB to ask each local Graduate Council and Committee on Planning and Budget to provide a list of questions and concerns surrounding SSGPDPs. CCGA and UCPB then to evaluate practices (i.e. proposal review, third-year review, academic program review) used by campuses to identify best practices and share these with local campuses. This information should be periodically updated as the use of SSGPDPs evolves over time. | CCGA and UCPB, local graduate councils and local councils on planning and budget |
| 2021-2022 AY | Maintain institutional knowledge and promote standards across campuses | CCGA and UCPB to assess whether current review mechanisms are sufficient to address the feasibility of SSGPDPs that cannot support themselves. SSGPDPs by nature are innovative and focused on particular areas. As such they may have shorter lifespans than more traditional state-supported programs. What mechanisms exist when programs are no longer contributing to campus? | CCGA and UCPB |

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| 2021-2022 AY | Track and strengthen contributions of SSGPDPs to campuses and the UC graduate enterprise | Advocate for campus taxation of these programs to account for <i>all</i> costs incurred by the program. Advocate for transparency in accounting for upfront, ongoing, and hidden costs that revenues from SSGPDP programs should be covering on a pro-rata basis. Use revenues from SSGPDPs to support data collection to inform best practices in this regard. | CCGA and UCPB, local graduate councils and local councils on planning and budget. <i>requires cooperation of Chancellors, EVC/Ps and APB</i> |
| 2021-2022 AY | Track and strengthen contributions of SSGPDPs to campuses and the UC graduate enterprise | Encourage Department/Program chairs, deans, and upper administration to report on an annual basis, any impacts, both positive and negative, that SSGPDPs have on their individual campuses and communities. There need to be proportional increases in expenditures in basic services at all levels to account for the increasing number of students on campus. | CCGA and UCPB, local graduate councils and local councils on planning and budget; SSGPDP program chairs; local offices of Academic Planning and Budget. <u>Resources needed:</u> Staff support to collect, collate, and analyze data at local and systemwide levels |

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|---------------------|---|---|---|
| <p>2021-2022 AY</p> | <p>Track and strengthen contributions of SSGPDPs to campuses and the UC graduate enterprise</p> | <p>Encourage local Graduate Councils and Committees on Planning and Budget to work together to track broad, long-term measures that may indicate positive or negative impacts of SSGPDPs on state supported programs. For example, campuses may track graduate student enrollments in state-supported programs compared to self-supported programs over time, the quality of incoming state-supported graduate students, faculty hiring in departments and schools with SSGPDPs, use of non-ladder faculty in state-supported programs, or changes in Senate and other service by faculty members in departments or schools with SSGPDPs.</p> | <p>CCGA and UCPB, local graduate councils and local councils on planning and budget;</p> <p><u>Resources needed:</u> Staff support to collect, collate, and analyze data at local and systemwide levels</p> |
| <p>2021-2022 AY</p> | <p>Track and strengthen contributions of SSGPDPs to campuses and the UC graduate enterprise</p> | <p>Monitor EDI in SSGPDPs with respect to instructors as well as students.</p> | <p>CCGA and UCPB, local graduate councils and local councils on planning and budget; SSGPDP program chairs; local offices of Academic Planning and Budget.</p> <p><u>Resources needed:</u> Staff support to collect, collate, and analyze data at local and systemwide levels</p> |