EXECUTIVE COUNCIL

January 6, 2022

To: Rami Zwick, Associate Dean for Graduate Programs, & Professor of Marketing, School of Business

Cc: Barry Mishra, Chair, School of Business Faculty Executive Committee

From: Jason Stajich, Chair, Riverside Division

RE: Proposed Degree Program: Online Master of Business Administration (OMBA-SSGPDP)

Dear Professor Zwick,

Executive Council discussed the Online Master of Business Administration (OMBA-SSGPDP) proposal and committee response memos at their December 13, 2021 meeting. Council Members emphasized the importance of UCR approving and offering the highest quality SSGPDPs, as well as a full review and vetting of contracts like the one suggested as a part of this program proposal. Council encourages the revision of the proposal based on the consultative feedback provided via this memo and attached committee comments. Executive and Graduate councils await campus administration finalization of SSGPDP revenue redistribution framework.

Sincerely,

/s/ Jason
COMMITTEE ON DIVERSITY, EQUITY, & INCLUSION

November 2, 2021

To: Jason Stajich
Riverside Division Academic Senate

From: Katherine Stavropoulos, Chair
Committee on Diversity, Equity, & Inclusion

Re: [Campus Review] (Proposed Degree Program) Online Master of Business Administration (OMBA-SSGPDP)

The Committee on Diversity, Equity and Inclusion (DEI) has reviewed and deliberated on the graduate degree program proposal - Online Master of Business Administration. Overall, the proposal and the section on the contribution of DEI (section 1.5) were well-written, especially on the steps to recruit historically under-represented students. We are happy to accept the proposal in its present form.
November 22, 2021

To: Jason Stajich, Chair
   Riverside Division

From: Don Collins, Chair
       Graduate Council

Re: Graduate Council moratorium on the review of new SSGPDP proposals

At their November 18, 2021 meeting, Graduate Council voted in favor of imposing a moratorium on the committee’s review and approval of proposals for new Self-Supporting Graduate Professional Degree Programs (SSGPDPs). The Council will not review or comment on new SSGPDP proposals until the proposed draft policy that details the role of Financial Planning & Analysis in the establishment and financial management of SSGPDPs (submitted for Senate consultation on August 12, 2021) is approved and in effect.
November 1, 2021

To: Jason Stajich, Chair
   Riverside Division

From: Manu Sridharan, Chair
       Committee on Library and Information Technology

Re: 21-22. CR. Online Master of Business Administration (OMBA-SSGPDP)

The Committee on Library and Information Technology reviewed the Online Master of Business Administration proposal and had no comments.
November 30, 2021

To: Jason Stajich, Chair  
Riverside Division

From: Dana Simmons, Chair  
Committee on Planning and Budget

RE: Proposal for an Online Master of Business Administration (OMBA – SSGPDP)

Planning & Budget (P&B) reviewed the proposed degree program for an Online Master of Business Administration (OMBA-SSGPDP). Committee members noted the strong rationale for an online MBA program, given that online MBAs are proliferating, and online MBA enrollment is growing rapidly nationwide. However, the committee expressed concerns regarding the financial design and outcomes of this proposed program. UC Presidential Policy points to the potential for SSGPDPs to “enhance the quality, accessibility, and affordability of core academic programs and departments.” The same policy stipulates that a new SSGPDP proposal “must articulate how it will ensure that the self-supporting program will not have a detrimental impact on state-supported teaching, research, or service, both academically and financially, in the unit proposing the program.” The committee noted that neither of these conditions are fully addressed in this proposal. The statement on p.5 regarding “contributions to resources” is vague and does not describe how the SSGPDP will enhance state-supported programs and students. Guaranteeing that faculty research and teaching will not be harmed by the SSGPDP is not a statement of “contribution” to state-supported programs. Rather, it is a precondition for the establishment of an SSGPDP. Elsewhere (p.11) the proposal suggests that OMBA revenues will contribute toward the construction of a new SOB building, and (p.12) will create online modules that can be used in in-person classes. Will this building or these modules benefit state-supported programs? How will faculty be recruited to teach in the OMBA program, and how will the program compensate state-supported students for the loss of access to these faculty? The committee would like a fuller accounting of how the SSGPDP will enhance, and will not detract from, state-supported teaching, research, and service.

The proposed agreement with Everspring, a for-profit Online Program Management (OPM) company, requires particular oversight. The New Century Foundation, in its 2019 report analyzing over one hundred university contracts with OPMs, makes the following recommendations: “Don’t buy bundled services, and instead contract for the specific service(s) needed, as discrete units, at the time they are needed. Don’t bypass your own faculty and ensure that contracts make it clear that the university maintains the power to determine how an online program is used. Don’t sign lengthy, unbreakable contracts, and instead contract on more flexible, shorter terms, with clauses that allow for early termination as needed. Don’t ‘share’ your tuition revenue, and
instead pay for each service up front. Don’t facilitate aggressive marketing practices, and retain control over recruiting, admissions, and enrollment decisions, as well as the use of students’ data.” The committee would like to know the process by which Everspring was selected, and the rationale for not following one or more of these guidelines (notably, the guidelines concerning bundled services, revenue sharing vs. fee for service, and control over recruiting). Committee members raised many questions regarding the proposed contract with Everspring: What are the limits (if any) on Everspring’s advertising content and cost recovery, and how is the advertising budget set? What is the duration of the contract with Everspring? What are the conditions for UCR to exit this contract? What penalties or debts to Everspring would be incurred, should the program not become profitable? What is the governance structure with Everspring? Does Everspring have any decision-making power or influence regarding tuition, enrollment targets, course offerings or other aspects of program management? What protections are in place for Everspring’s access to potential and current student data? Although this is beyond the scope of Planning and Budget, committee members also sought clarification as to how much curricular content (course materials, “creating a community of scholars,”) Everspring will provide.

Committee members expressed concern that Everspring will capture approximately three-quarters of program revenue during the first three years, and nearly half of program revenue for the remaining years projected. The OPM’s share will be paid in two ways: “advertising cost recovery,” or repayment of advertising costs already disbursed; and, on revenue remaining after recovery and financial aid, a tuition revenue sharing agreement of 75% and 25% to UCR and Everspring, respectively. The total share of revenue captured by the OPM under this agreement is on the higher end of the normal range in revenue sharing agreements analyzed by the New Century Foundation report. The Foundation report warns that sharing such high portions of program revenue may possibly imperil a university’s nonprofit status.

The committee requires more information in order to make a recommendation on this proposal. The committee requests that full and detailed financial information be included in the body of the proposal; the hyperlink in the current proposal document leads to a locked google page, to which only one member was able to gain access. Likewise, the committee would like to see the market analysis on which enrollment projections are based (although the proposers “trust [Everspring’s] analysis to be accurate,” the committee would like to see the underlying data.) In addition, the committee requests to see the complete draft contract between UCR and Everspring. While P&B does not generally review contracts and MOUs, in this case there is a compelling financial interest at stake, as well as a question of governance structure, and the details are necessary.