

November 16, 2020

To: Senate

From: School of Business Executive Committee

Re: [Campus Review] Draft Policy: Role of UCR Financial Planning & Analysis in the Establishment and Financial Management of Self-Supporting Graduate Professional Degree Programs

The School of Business Executive Committee discussed the above document. The Executive Committee agrees that it is appropriate for the Office of Financial Planning and Analysis (FP&A) to provide critical financial direction, analyses and support throughout the life cycle of these programs. However, the Executive Committee expressed some concerns about the clarity of how the campus assessment will be calculated, which are detailed below:

1. The proposal states at one point that (1) the campus assessment will be applied as a percentage of program revenue, and at another point that the (2) the assessment will be based on student headcount and the relative cost of services. These two statements appear to be inconsistent. In particular, there is concern that the assessment method (1) above will lead to a percentage being applied to student tuition as a “tax” regardless of the actual cost being incurred in supporting a student of that program by central services. For example, students in an online program may use few campus services. The Executive Committee felt that the campus assessment should be based on the actual additional cost incurred by central services to support a student in the program rather than as a “percentage tax” on revenue, and such a principle should be clearly stated in the proposal. Imposing a tax that is unrelated to actual cost will create perverse incentives that will stifle growth in self-supporting programs that create new educational opportunities for students.
2. Another problem in defining the campus assessment as a percentage of revenue is that there is no definition of program revenue that is provided, namely whether it will include scholarship/fellowships to students or other programmatic expenditures.