

June 16, 2014

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Dean, Office of Graduate Studies
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***Subject: Self-Supporting Graduate Programs
Audit & Management Advisory Services Project 2014-01***

The final audit report for Self-Supporting Graduate Programs, Audit Report 2014-01, is attached. We would like to thank the participating departments for their cooperation and assistance during the review.

Because we were able to reach agreement regarding corrective actions to be taken in response to the audit recommendations, a formal response to the report is not requested.

UC wide policy requires that all draft audit reports, both printed and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents to AMAS personnel, or destroy them at this time. We also request that draft reports not be photocopied or otherwise redistributed.

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Attachment

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UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Self-Supporting Graduate Programs June 2014

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Project Number: 2014-01

*Self-Supporting Graduate Programs
Audit & Management Advisory Services Project #2014-01*

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*Self-Supporting Graduate Programs
Audit & Management Advisory Services Project #2014-01*

I. Background

Audit & Management Advisory Services (AMAS) has completed a review of Self-Supporting Graduate Programs as part of the approved audit plan for Fiscal Year 2013-14. This report summarizes the results of our review.

The University of California operates approximately 60 self-supporting graduate degree programs (SSGDP), enrolling over 4,500 students. These programs generate approximately \$130 million annually in revenue. They are intended to provide alternative pathways for academically qualified adults to further their education, upgrade their skills, and obtain professional degrees. This is an educational strategy that allows the University to serve a greater number of students above and beyond those enrolled in courses that are state supported.

UCSD currently has nine active SSGDPs that generated approximately \$10.5 million in revenue during Fiscal Year 2012-13. Two new SSGDPs, Rady School of Management - Master of Finance, and Jacobs School of Engineering - Master of Advanced Studies in Data Science and Engineering, are scheduled to enroll students in Fiscal Year 2014-15. The Scripps Institution of Oceanography (SIO) is planning to launch a new program, Master of Advanced Study in Climate Science and Policy, in the summer of 2015. The following table provides a listing of SSGDPs that were active at the time of this review, and total student enrollment for each of these programs during Fiscal Year 2012-13¹.

Division/School	Self-Supporting Graduate Degree Program (SSGDP)	FTE Enrollment²
Rady School of Management	Flex M.B.A	149
SIO	Marine Biodiversity and Conservation	24
Jacobs School of Engineering	Architecture – Based Enterprise Systems Engineering	36
	Wireless Embedded Systems	22
	Medical Device Engineering	8
International Relations\Pacific Studies	International Affairs	31
Health Sciences	Leadership in Healthcare Organizations	16
	Clinical Research	31
	Health Policy and Law	18
Total		335

¹ Source: The Fiscal Year 2014-2015 Cost Analysis Templates prepared by the division/school and the Campus Budget Office.

² Based on average full time enrollment.

II. Audit Objectives, Scope, and Procedures

The objective of our review was to evaluate local policies and practices for the establishment of SSGDPs, including budgetary and fiscal activities. In order to achieve our objectives we completed the following:

- Reviewed the UC Policy on SSGDP (September 2011) and the proposed policy revision that was distributed to the UC campuses in November 2013;
- Reviewed the UCSD *Graduate Council Proposal Guidelines for New Graduate Programs*;
- Reviewed the UCSD *Coordinating Committee of Graduate Affairs Handbook* and other related documents;
- Interviewed management and/or staff in the Office of the Executive Vice Chancellor – Academic Affairs, Office of Graduate Studies, the Academic Senate and the Campus Budget Office;
- Reviewed the Master of Advanced Studies Degree in Medical Device Engineering SSGDP proposal dated June 7, 2010;
- Reviewed SSGDP Cost Analysis reports submitted to UCOP for the fiscal years 2013-14 and 2014-15;
- Reviewed the SSGDP Financial Analysis report prepared by the Campus Budget Office for the fiscal years 2010-11 thru 2012-13; and
- Reviewed the UC Davis Final Report of the Task Force on Self-Supporting Degree Program, dated January 2012.

The scope of our review did not include an evaluation of local policies and practices for the establishment and monitoring of SSGDPs in Marine Sciences or Health Sciences, nor did it include an evaluation of departmental processes for establishing and monitoring specific SSGDPs. AMAS will evaluate SSGDPs in International Relations/Pacific Studies, the Rady School of Management, and the Jacobs School of Engineering in the next phase of our review. The results will be reported under separate covers.

III. Conclusion

Based on our review procedures, we concluded that local policies and practices for the establishment of SSGDPs were generally effective. For Fiscal Years 2010-11 through 2012-13, SSGDP student enrollment increased from 293 to 393 and program revenue increased from \$9 million to \$10.5 million. We did, however, identify opportunities to further strengthen the SSGDP proposal process by including consultation with the Campus Budget Office and the Office of the Executive Vice Chancellor of Academic Affairs prior to submittal to the Graduate Council. This observation is discussed in further detail in the balance of this report.

IV. Observations and Management Corrective Action

The local proposal process could be strengthened by including in the process consultation with the Campus Budget Office and the Office of the Executive Vice Chancellor in regards to the financial aspects of proposed SSGDPs.

The UC Policy on Self-Supporting Graduate Degree Programs, dated September 2011, provides implementation guidelines for the development, review and approval of new SSGDPs. Under this policy, SSGDP programs are expected to become fully self-sufficient within three years of inception, meaning that SSGDP student tuition and fees should be sufficient to cover all direct and indirect costs associated with the program. Any resulting program deficits must be covered by the campus using non-State funds, excluding tuition or fees revenue generated by other programs. Any excess revenue generated from SSGDPs is available to support University's core academic mission.

The local UCSD process to review and approve a new SSGDP is outlined in **Attachment A**. From a financial perspective, the academic department proposing a new SSGDP is responsible for evaluating the financial feasibility of the program. Market studies are completed to determine potential enrollment, and resources required by the new program are identified. Any additional resources needed to subsidize the program during the first three years are identified and included in the proposal. The Office of Graduate Studies assists the academic department throughout the proposal preparation process to help ensure that the proposal contains all of the required elements, and that all funding issues have been resolved.

While the above process is generally adequate to ensure that proposed programs appear financially feasible, the process could be strengthened by requiring that the Office of the Executive Vice Chancellor – Academic Affairs be notified of potential SSGDPs during the initial stages of the proposal process. Because Academic Affairs may be requested to provide additional financial support for SSGDPs that do not become fully self-supporting, it appears Academic Affairs Resource Administration should have a role in evaluating the financial model of proposed SSGDPs.

The process could be further strengthened by consulting with the Campus Budget Office prior to submission of the proposal to the UCSD Graduate Council. On an annual basis, the Campus Budget Office assists divisions/schools in the preparation of Cost Analysis templates required for the establishment of annual SSGDP fee levels. However, the Campus Budget Office does not have a formal role in reviewing the financial plan included in SSGDP proposals prepared by academic departments. Involving the Campus Budget Office in the SSGDP proposal preparation process would help to validate the initial calculations of program costs including revenue assumptions and options.

In May 2012, the Academic Senate charged a Task Force on Self-Supporting Degree Programs to review the role of SSGDPs and to provide guidance on how SSGDPs should operate at UCSD. The work of this Task Force was ongoing as of the date of this report.

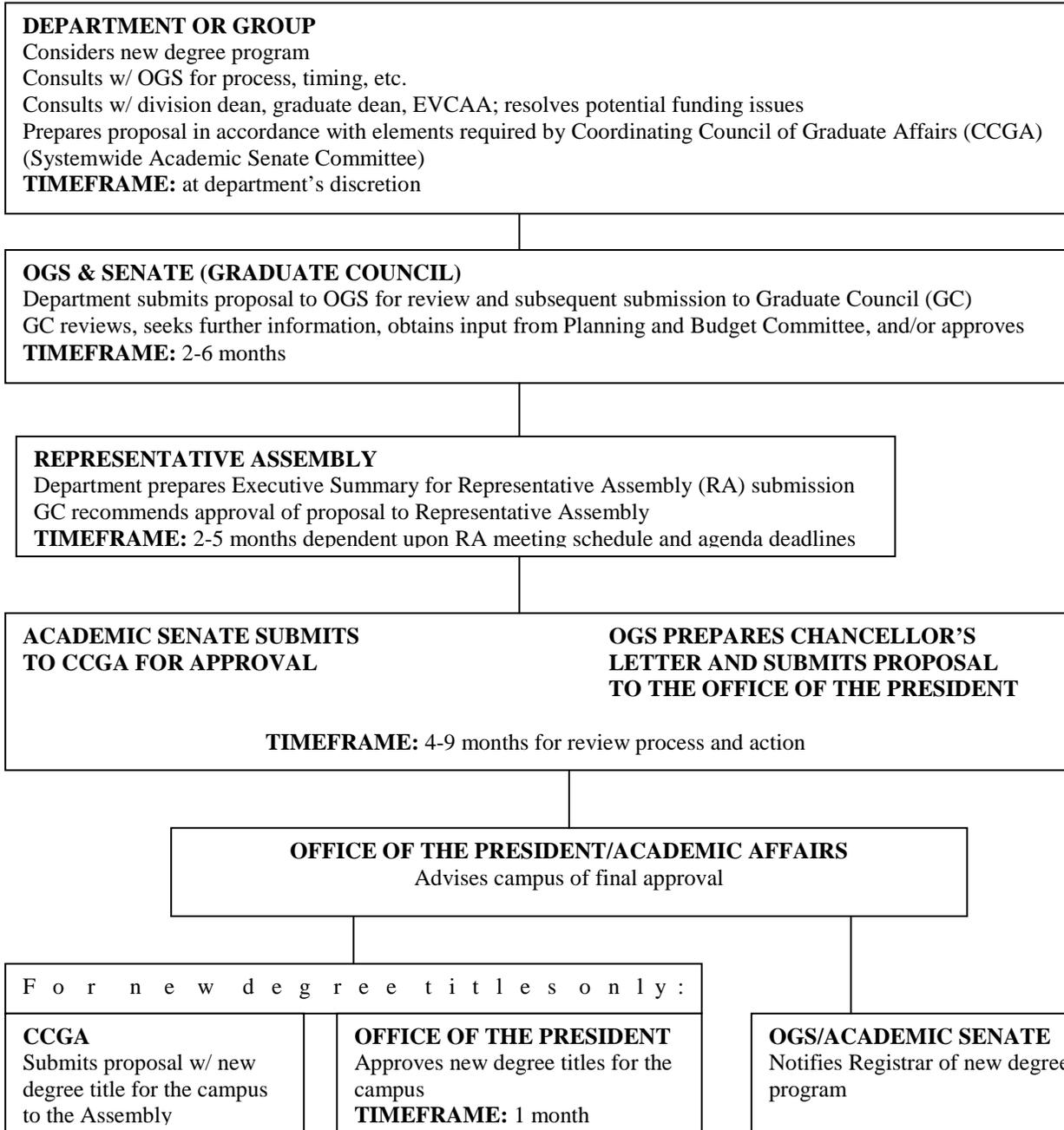
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The SSGDP proposal review process is among the topics being evaluated as part of this Task Force's charge.

Management Corrective Action:

The Dean of Graduate Studies will propose to the Task Force on Self-Supporting Degree Programs that the Academic Affairs Resource Administration and Campus Budget Office have formal roles in the process to review proposed SSGDPs, and that alternative fund sources are identified to cover potential financial deficits in the event that programs do not become fully self-sufficient.

**University of California, San Diego
New Graduate Degree Review and Approval Procedures**



Under certain conditions, OGS may approve the following at various stages of the approval process:

- Inclusion of the proposed degree in the Graduate Application
- Inclusion of the proposed degree in the General Catalog
- Inclusion of the proposed degree in the department/group publications
- Admission to the department in non-degree status or into another degree program within the department