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Office of the President

TO MEMBERS OF THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE:

ACTION ITEM

For Meeting of January 24, 2018

APPROVAL OF PROFESSIONAL DEGREE SUPPLEMENTAL TUITION FOR A GRADUATE PROFESSIONAL DEGREE PROGRAM AT THE MERCED CAMPUS

EXECUTIVE SUMMARY

This action item requests the Regents' approval of the multi-year plan for charging Professional Degree Supplemental Tuition (PDST) for a new graduate professional degree program, the Master of Management (MM), at the Merced campus. The establishment of the PDST and the maximum annual PDST levels for the five-year period specified in the multi-year plan would be effective upon approval of the plan.

The MM program is a one-year graduate professional degree program targeting new or recent college graduates, particularly those from UC Merced. The program will provide students with early exposure to management concepts and practice that complements an undergraduate degree with a competitive set of practical, project-based management skills. The MM program will leverage many existing resources and infrastructure, and provide important components of an MBA and management training at a lower cost than traditional programs.

The program meets all requirements of Regents Policy 3103: Policy on Professional Degree Supplemental Tuition. The MM program's multi-year plan describes strategies for creating a robust level of racial and ethnic diversity, includes plans for the use of financial aid to ensure accessibility, and demonstrates programmatic needs that justify the proposed PDST level. Consultation with prospective students (UC Merced undergraduates) to gauge interest in and willingness to pay for the MM program indicated demand for the one-year graduate program. Faculty consultation also indicated support for the proposal.

RECOMMENDATION

The President of the University recommends that the Academic and Student Affairs Committee recommend that the Regents approve the multi-year plan for charging Professional Degree Supplemental Tuition (PDST) for the Master of Management graduate professional degree program at UC Merced. Effective upon approval of the multi-year plan, PDST is established for the program and the maximum annual PDST levels for the five-year period specified in the program's multi-year plan can be assessed (as shown in Display 1).

DISPLAY 1: Proposed Professional Degree Supplemental Tuition Levels for AY 2018-19 through AY 2022-23*

Master of Management	2018-19	2019-20	2020-21	2021-22	2022-23
Merced					
Resident PDST Level	$20,000	$21,000	$22,050	$23,152	$24,308
Nonresident PDST Level	$20,000	$21,000	$22,050	$23,152	$24,308

* The amounts in the display reflect the maximum PDST levels to be assessed, effective as of the academic year indicated. Assessing PDST levels less than the level indicated in the display requires approval by the President with the concurrence of the Chancellor. PDST levels may be assessed beyond the period covering the program's approved multi-year plan but not in excess of the maximum levels specified in the final year. Assessing PDST levels greater than the amounts in the display requires Regents' approval of a new multi-year plan.

BACKGROUND

Professional Degree Supplemental Tuition (PDST) was established in 1994-95 to allow UC's professional schools to offset reductions in State support and maintain program quality. PDST is assessed in addition to mandatory tuition, the Student Services fee, and, if applicable, Nonresident Supplemental Tuition.

Historically, many of UC's professional schools have held a place of prominence in the nation, promising an exceptional education for a reasonable price. Revenue generated from PDST has been critical to these programs' efforts to regain and maintain excellence. The Regents' Policy on PDST includes specific conditions for ensuring that the University's commitment to excellence, access, inclusion, affordability, and students' public service career decisions are not adversely affected by increases in fees for graduate professional degree students. The University affirmatively monitors related indicators such as student debt levels. Any graduate professional degree program that proposes charging PDST for the first time is required to submit a multi-year plan for approval by the Regents.

The multi-year plan is reviewed by the Office of the President for the following information:

- the amount of resources required to sustain academic quality at, and enrollments in, the particular graduate professional degree program;
- the intended uses and justification for PDST revenue, including the educational benefits that will be provided to students;
- the tuition and fees for comparison programs at public and private institutions of higher education;
- the program's affordability goals, financial aid strategies, and student loan debt trends;
- the program's racial, ethnic, and (when available) socioeconomic student enrollment trends and diversity strategies; and
- the views of the program's student body and faculty on the proposed PDST levels.

During the intensive multi-year plan review process, campuses must demonstrate that proposed PDST levels will not adversely affect the University's commitment to excellence, access, inclusion, and affordability. The Provost also ensures that each program complements its proposed multi-year plans for PDST levels with financial aid measures, including scholarships, grants, and/or loan repayment assistance programs, to ensure access to the degree programs, to minimize financial barriers to the pursuit of lower-paying public interest careers, and to reduce restrictions on students' career options due to student debt. In addition, the appropriateness of each program's selection of comparator programs in public and private institutions is examined, and its total tuition and/or fees are compared to those of its comparators. A program that submits a multi-year plan that does not include sufficient information or is not satisfactory in some other way is required to reconsider its efforts and submit revised proposals.

The multi-year plan proposal submitted by UC Merced's MM program has met the standards of the Provost, and the President recommends its approval by the Regents.

Multi-year Plan Proposal for a New Graduate Professional Degree Program

A multi-year plan for charging PDST is proposed for the Master of Management (MM) graduate professional degree program on the Merced campus. (See Display 1 for the annual PDST levels proposed in the program's five-year plan proposal.) The MM program is a new program and, if approved, will be the first PDST-charging program at UC Merced. Immersing students in real-world applications and analyses of innovation, sustainability, and technology for service and resource management, the MM program is a rigorous one-year graduate professional degree program targeting new or recent college graduates from UC Merced who have little or no management experience. The program aims to provide students with early exposure to management concepts and practice that complement an undergraduate degree with a competitive set of practical, project-based management skills for addressing the cross-functional challenges commonly faced by professionals in for-profit and non-profit organizations. Simply put, the goal of the MM program is to make graduates from any major immediately more competitive in the job market through targeted management education.

The program is also the first academic offering of the new graduate group in Management of Innovation, Sustainability, and Technology (MIST), administered by the School of Engineering. Focusing initially on innovation in technology-enabled service management and natural resource management for public and private enterprises, the MIST faculty aim to build world-class research and education programs relevant to the Central Valley, the state, and the nation. The MM program will leverage existing resources and infrastructure, and provide important components of an MBA and management training at a lower cost than traditional programs.

PDST funding, along with campus funding, will help ensure the program can focus on quality with a gradual ramp-up in enrollment. The MM program plans to enroll primarily California residents and increase enrollment from approximately 20 students in academic year (AY) 2018-19 to approximately 100 students in AY 2022-23. PDST revenue will fund the implementation of professionally oriented aspects of the curriculum, dedicated student career services, facility improvement and maintenance, teaching assistantships, and financial aid to support student

access and diversity. The program also plans to pursue gifts (leveraging the Gallo endowment for management education at UC Merced) and industry support for student scholarships.

Market Comparisons

Regents Policy 3103 calls upon programs to develop PDST plans that analyze the graduate professional degree program in relation to its comparators. Most programs consider both public and private comparators in their marketplace analyses. The comparison institutions chosen by UC's programs are generally current competitors for students, faculty, and national rankings or a mix of current competitors and programs with which UC aspires to compete.

The MM program has identified comparison programs of high quality at public and private institutions across the nation for the marketplace analysis. Display 2 lists the proposed total in-state charges at the MM program and the expected average of its comparison institutions.

DISPLAY 2: Proposed Total In-State Charges at UC and the Expected Average of Comparator Institutions (a)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Merced's MM Program		$36,923	$38,380	$39,896	$41,473	$43,120
Other Publics	$46,422	$47,815	$49.249	$50,727	$52,249	$53,816
Privates	$51,641	$53,190	$54,786	$56,429	$58,122	$59,866

a) Total resident UC charges include mandatory systemwide charges (Tuition and Student Services Fee), Professional Degree Supplemental Tuition, campus-based fees, and other fees where applicable. Projections for comparators' total charges assume 3% annual increases.
b) Public comparison institutions include the University of Maryland, the University of Michigan, and the University of Virginia. Private comparison institutions include Duke University, Northwestern University, and Wake Forest University.

The proposed PDST levels are anticipated to result in total in-state student charges that are below the estimated average total charges for in-state students in both public and private comparison programs. Also, the proposed PDST levels are anticipated to result in total nonresident student charges that are below the estimated average total charges for nonresident students in both public and private comparison programs.

Uses of Revenue from Proposed PDST

As part of its proposal, the MM program described how the PDST revenue reflected in its plan would be utilized. Display 3 summarizes how the program plans to use this revenue in the five-year period covered in its multi-year plan. The program plans to set aside 33 percent or more of PDST revenue for student financial aid. Over 30 percent of PDST funds will be used to provide students with dedicated career services. Approximately 27 percent will be used to pay for course materials; costs related to the integrative capstone project in the summer, including local and international trips; and tuition remission for teaching assistants. Remaining PDST funds will be used for staff benefits, and facility improvements and maintenance.

DISPLAY 3: Projected Expenditures of Incremental PDST Revenue for the MM Program, AY 2018-19 through AY 2022-23

Expenditure Category	Share of Revenue
Providing Student Financial Aid	34.5%
Student Services and Instructional Support Staff	30.4%
Other Costs (Course Materials, Travel, Teaching Assistantships)	26.9%
Staff Benefits and Facility Improvements/Maintenance	8.2%
Total	100%

Financial Aid and Student Indebtedness

In its multi-year plan, the MM program has expressed its commitment to providing students with grant and scholarship support in order to attract and enroll a highly talented and socioeconomically diverse student body, consistent with the financial aid policy goals first articulated by the Regents in 1994. The MM program plans to supplement financial aid sources by an amount equivalent to at least 33 percent of PDST revenue.

Strategy for Inclusion of Underrepresented Groups

Existing programs report on several factors related to enrollment trends and diversity strategies. However, since the MM program is a new program, there is no data on racial, ethnic, gender, and socioeconomic enrollment trends. The MM program described its strategies to enroll a diverse student body, consistent with Regents Policy 3103. The MM program will market its programs to new or recent graduates from UC Merced and will reach out to various student organizations such as the Society of Women Engineers, as well as Women in STEM and other appropriate organizations. The program expects the ethnic, gender, and socioeconomic diversity of initial enrollments to mirror that of graduating seniors from UC Merced, a Hispanic-Serving Institution, and the most diverse UC campus. Admission and graduation statistics, as well as student exit surveys, will be monitored as indicators of success for the MM program's diversity programs. If after the first year, the program has not accepted more than 40 percent of its students from underrepresented groups, the program will consider a more proactive approach to recruitment: communications specifically targeting this group and participation in the California Forum for Diversity in Graduate Education.

Additionally, it is a core tenet of the program's mission to serve the evolving technological needs of government agencies and a growing service-based industrial sector in the San Joaquin Valley, Sierra Nevada foothill, and Bay Area regions. As such, the program believes that the best way to address the region's complex challenges is by creating opportunities for those who are most familiar with them. Its strategic focus, therefore, is to enroll students who are currently most familiar with the region's context, but otherwise unable to afford a graduate degree.

Faculty and Student Consultation

The Regents Policy requires programs to provide opportunities for faculty and students to engage in a dialogue with program leadership about multi-year plans, the rationale for PDST increases or new PDSTs, the impact on program quality of various PDST choices, and how any potentially adverse consequences of PDST levels will be mitigated by financial aid, outreach, and recruitment of low-income and underrepresented minority students. The MM program confirmed that the campus Graduate Dean and the Graduate Student President had an opportunity to review its proposal, which was approved by the Chancellor.

In addition, the multi-year plan for the MM program described its efforts to solicit student and faculty input on the PDST proposal. In April 2014, approximately 200 UC Merced undergraduates were surveyed to measure both their interest in and willingness to pay for attending a graduate program in management. Results indicated that there is both local demand and willingness to pay for a one-year graduate program. In fall 2017, focus groups with UC Merced seniors and others were convened to solicit feedback on the multi-year plan. Overall, students were very positive about the MM program. They liked the year-long intensive structure and the fact that it was shorter and less expensive than a traditional MBA. They appreciated how the practical, real-world, project-based approach of the program would complement undergraduate programs that tend to be more theoretical and lecture-based. Career counseling and job placement were also aspects of the program that appealed to them. The majority of students felt that this degree would expose them to other fields, other professionals, and in the end, help them to obtain a better job than if they had only a bachelor's degree. However, there was also concern over how the MM degree would be viewed in industry compared to a traditional MBA. Those who wanted a traditional MBA suggested the program would be too expensive; those who did not suggested the MM program would be a good value. Though some thought the program was too expensive, others recognized that any program would have a cost associated with it. Based on feedback from their survey and focus groups, the MM program set the PDST as low as possible, and aimed to articulate the benefits and value of the program more precisely in the PDST proposal, including details about how financial aid will be based on need. In addition, based on focus group feedback specifically, the MM program added targeted sections to its website to address concerns and potential points of confusion.

The MIST Graduate Group faculty have all been involved in the development of the MM program. In a faculty meeting in fall 2017, the faculty were generally supportive of the proposal. They identified the importance of cultivating a very positive experience for the program's first cohort of students. Faculty also recognized the importance of student financial aid and the need for dedicated career services staff to support the students in securing employment after graduation. The MM Program also consulted with the UC Merced Division of the Academic Senate, which endorsed the PDST proposal on October 10, 2017.

Attachment: Proposal Summary