

An Appraisal of the Project Plan for UC Online Education (draft of March 24, 2011).

The Faculty Committee on Educational Technology

May 3, 2011

## Overview and Summary

We have been asked to opine on a document entitled *Project Plan, UC Online Education*. This document appears to be a revision of the draft prospectus of the UC Online Instruction Pilot Project. The espoused goal of this pilot project seems to be generally the same as earlier drafts indicated: to craft a plan to use online education to alleviate crowding in over subscribed undergraduate courses. The goal is a laudable one, to use online learning to make critical undergraduate courses more widely available and thus to improve four year graduation rates.

## Comments

1. The current version of the proposal seems to focus not on alleviating crowding in lower division courses, but instead on selling junior college courses to non-UC students. Our lower division curriculum is indeed of very high quality; however, it is specialized to preparing *our* students for *our* upper division curriculum. There is no indication, absent a promise of UC matriculation, that UC has a competitive advantage in the provision of junior college courses (either online or offline). The proposal even goes as far as to suggest that we might someday offer a degree or certificate for those students taking the on line curriculum but not gaining admission to UC. (much like the AA degree awarded by community colleges). Opinions in our committee differ on whether or not this is something that UC should do. However, we agree that pursuing large-scale online lower division education will take significant resources and is a matter that should be deliberated by widely before funding is committed.
2. The Project Plan and accompanying documents suggest that \$7M will be required for the project. As of now, \$750,000 has been raised. It is suggested that UC should commit \$6.25M (or \$7M it is not clear) on the basis that sales in a secondary market (non-UC undergraduates) will generate enough revenue to repay the seed funding. However, no market study has been done to assess the size of the market, the price elasticity of demand, and the proportion of the market that we might capture.
3. The documents available to us do not have sufficient information for us to assess whether the structure being established will support quality online courses with student learning outcomes comparable to on-campus students. Key questions have not been answered.

- a. How many students will be in an online section?
- b. How many TAs will be assigned to help run each course section?
- c. How will TAs scale with number of students?
- d. We need to see the cost analysis that breaks down the fixed costs of the program (cost of all of the managers, staff, infrastructure, etc.), the revenue per non-UC student, the incremental cost per external student, and the number of students that will be in each online section.

If the cost model is to take existing sections and, through technology, add a few hundred paying students without providing additional support, it will not work.

4. As was true in previous drafts of this proposal, the fact that online courses are currently being offered for undergraduate credit in the UC system and that online learning technologies pervade the delivery of most of our high enrollment courses is studiously ignored. Instead, the view of the authors seems to be that it is necessary to mount an expensive “experiment” to determine if online courses can be an effective tool for furthering our educational mission. The answer to this question is generally known to be “yes”. What we need is local experience with the tools at hand to determine what works on each campus and in each department and course.
5. How would the need to design courses that can serve both UC and an external market affect the balance between hybrid online courses (part in person and part online) and pure online courses? In the short run, hybrid online technologies may be the most effective route to relieving enrollment pressure.
6. The proposal insists on an idiosyncratic IT platform. If the results of the project are to be useful to the campuses, then the end product must be compatible with each campus’ course management systems. As currently set forth, campuses will have to re-engineer anything that the pilot produces.
7. The Project Plan document offers an inadequate business plan. The plan says that 20 courses will be developed in 2011/12 and another 20 in 2012/13. Will this effort exhaust the \$7M funding? Will the funding be sufficient to fund the creation of courses in perpetuity? Assuming that the \$7M is sufficient for 40 courses yields a cost of \$175,000. It is then suggested that revenues from selling these courses to non-UC students will pay back the loan. Nowhere does the plan exhibit the enrollments and revenues associated with UC’s extant online courses. Does our experience to date warrant the assumption of the marketability of our courses?
8. No assessment is made of the opportunity cost of the funds that UC will invest. If UC is to internally fund the development of online courses, the

relevant issue is not whether or not the money could be paid back at some future time. The key issue is whether or not the project is this the best use of the funds. If it is determined that there is no more important use for the funds than to ease lower division enrollment bottlenecks, then it is our responsibility to find the least expensive way to accomplish the task. There is nothing in the proposal that suggests that there has been a systematic study of the causes and remedies of our undergraduate enrollment problems. Nor have any other alternatives for increasing the availability of impacted courses been put forward. Lets put the cost numbers in perspective. The average class size at UCLA is 53 students. Office space in Westwood rents for about \$30 per square foot leasing one classroom that can accommodate 60 students for one year would cost \$54,000 dollars. The cost of developing one online class (at \$175,000) would pay for the space for more than three years (roughly equal to the useful life of an online course). A single 60-seat room could handle ten two-day per week courses per quarter, or (under the quarter system) 30 classes per year. If the primary cause of excess demand selected undergraduate courses is physical space, leasing additional space seems a cheaper alternative, yielding greater local control and less overhead expense. We have no indication from the proposal that any sort of cost tradeoff calculations have been done.

9. The financial risk mitigation suggested in the proposal is not credible. It is reasonable to expect that most of the seed funding will be spent or committed before the first class is offered. Setting up an online learning platform and creating online courses involves very large fixed costs that will be incurred before any student is enrolled. Looking at the Organization and Management section of the Project Plan, we see that 2.6 FTE of “executive leadership” and 2.9 FTE of “educational technology and instructional design” personnel have been already been identified. Including benefits, the cost is already nearly \$1M per year. Even if the decision is to stop the experiment at the earliest milestone, it is unlikely that UC would see more than a tiny fraction of its investment returned. The figure stated in the project plan (at least \$3.5M returned) is not believable. Make no mistake about it, UC is funding the startup and will likely see no return of its funds.
10. In the fourth bullet on the first page of the Project Plan, it is asserted that the UC Online Education will be a “nimble” organization. This remains to be seen.