

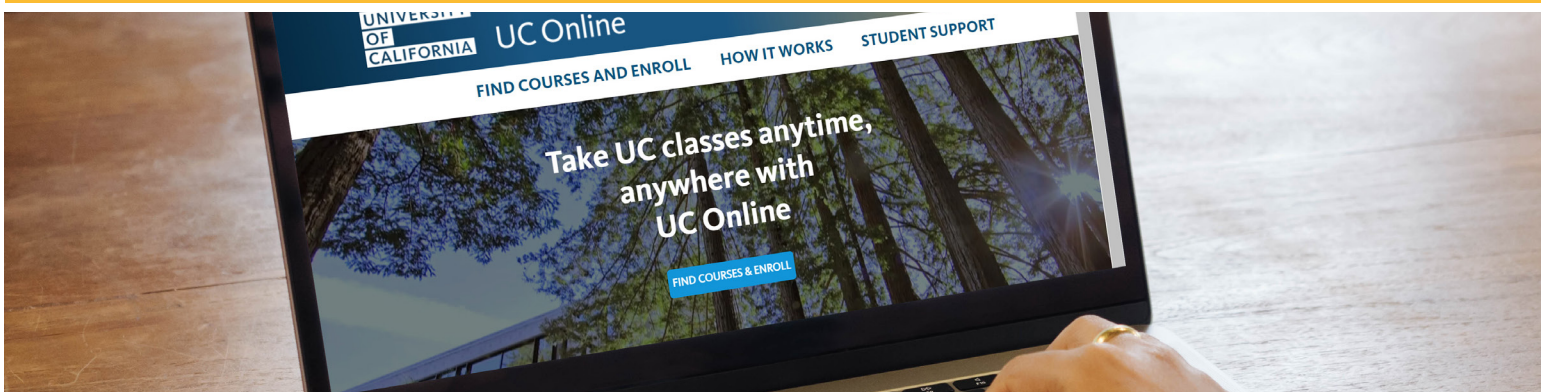


## *University of California*

It Makes Limited Use of Online  
Program Management Firms but  
Should Provide Increased Oversight

*June 2024*

**REPORT 2023-106**





**CALIFORNIA STATE AUDITOR**

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June 6, 2024

**2023-106**

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As directed by the Joint Legislative Audit Committee, my office conducted an audit of the University of California (UC) and its use of online program management firms (OPMs). The following report details the audit's findings and conclusions. Overall, we determined that UC makes limited use of OPM firms to provide online education but should provide increased oversight to better ensure transparency for students.

We identified 51 UC contracts with OPMs in effect as of January 1, 2023, none of which involved undergraduate education. Of those contracts, 30 were with the five UC campuses we selected for review—Berkeley, Davis, Los Angeles, San Diego, and Santa Barbara—of which 15 pertained to continuing education provided through campuses' extension units. We found that each of these campuses provided potential students with incomplete or misleading information about the OPMs' involvement in some programs—such as not disclosing whether the OPM was teaching the class—or overstating the value of those programs. Additionally, we found that some of the campus extension units did not consistently adhere to their processes for approving courses or instructors.

The campuses lack systemwide guidance from the UC Office of the President (Office of the President) on contracting with OPMs. For example, although the Office of the President recommends that campuses not engage in incentive compensation—such as tuition revenue sharing—when contracting with third parties to recruit undergraduate students, this guidance does not address graduate or continuing education students. Further, some of the contracts included payment terms that may elevate the risk of OPMs using practices to recruit and enroll students that are not in the best interests of students. To mitigate the risks of using OPMs, the Office of the President should establish systemwide guidance that ensures transparency about OPMs' involvement in educational programs, enables campuses to provide adequate oversight of OPMs, and protects prospective students from potentially abusive recruiting practices.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grant Parks", is written over a white background.

GRANT PARKS  
California State Auditor

## Selected Abbreviations Used in This Report

|      |   |
|------|---|
| BEE  | UC Berkeley Executive Education             |
| ED   | U.S. Department of Education                |
| GAO  | U.S. Government Accountability Office       |
| OPM  | online program manager                      |
| UC   | University of California                    |
| WASC | Western Association of Schools and Colleges |

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## Summary

Online courses and programs have become increasingly common in higher education. Many colleges work with third-party vendors known as *online program managers* (OPMs), which assist in the development and implementation of online programs. OPMs generally provide instruction and support services, such as marketing, recruiting, course development, and technology-related support. In this audit, we examined the University of California's (UC) use of OPMs at five campuses—University of California, Berkeley (UC Berkeley); University of California, Davis (UC Davis); University of California, Los Angeles (UCLA); University of California, San Diego (UC San Diego); and University of California, Santa Barbara (UC Santa Barbara)—and drew the following conclusions:

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### **UC Uses OPMs to Teach Students in Some Nondegree Programs but Is Not Always Transparent About Doing So**

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We identified 51 UC contracts with OPMs that were in effect as of January 1, 2023, none of which involved undergraduate education. Of those contracts, 30 were with the five campuses we selected for further review, and 10 of those 30 related to graduate education. However, these 10 contracts involved support services rather than instruction. Of the 30 contracts we reviewed, 15 related to continuing education, which UC provides through extension units that are associated with campuses but that operate independently. Under the terms of these 15 contracts, OPMs were responsible for providing instruction. However, at the five UC campuses we selected to review, we found that the campuses provided potential students with incomplete or misleading information about the OPMs' involvement in certain extension unit programs. Further, the recruitment materials for one or more programs at each campus may have misled potential students about the industry value of some UC cobranded programs offered in conjunction with OPMs.

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### **UC Extension Units Have Not Provided Consistent Oversight of OPM Instruction**

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Because most campuses did not consistently adhere to their course-approval processes or administer or examine student course evaluations for the OPM-instructed courses we reviewed, they may lack adequate assurance that students are receiving satisfactory education from qualified instructors. Each of the extension units at the five campuses we reviewed have adopted processes for approving OPM-provided courses, instructors, or both. These processes generally align with UC Academic Senate regulations. However, in contrast to the other four extension units, UC Santa Barbara

Professional and Continuing Education (Santa Barbara Extension) does not have a process to approve OPM instructors, increasing the risk that those instructors may not be adequately qualified. Further, the extension units for UC Berkeley, UCLA, and UC San Diego did not consistently follow each step of their course and instructor approval processes and thus may also lack assurance that OPM instructors are adequately qualified. Compounding these weaknesses in oversight, the extension units for UCLA and UC Santa Barbara have not consistently performed or reviewed student course evaluations to monitor the quality of OPM instruction. These campuses may be overlooking information that could help to ensure that their OPM courses and instructors are effective.

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### **Campuses Lack Certain Guidance From the Office of the President on Contracting With OPMs**

The five campuses' contracts with OPMs largely aligned with federal law and guidance on incentive compensation. However, some of the contracts included payment terms, such as tuition revenue sharing, that may elevate the risk of OPMs using practices to recruit and enroll students that are not in the best interests of students. In addition, we identified several instances in which campuses outsourced key services to an OPM, despite best practices stating that those services should not be outsourced.



# Introduction

## Background

Enrollment in online education has increased significantly over the past decade. According to the National Center for Education Statistics, the proportion of college students nationwide enrolled in online education courses increased from about 26 percent of total enrollment in 2012 to nearly 59 percent in 2021. During the COVID-19 pandemic, the use of online education increased in 2020 to more than 73 percent. Although it has since decreased from pandemic levels, online education continues to play a significant role in higher education.

The UC's governance comprises several entities. The text box describes the system's governance structure. UC provides education through three divisions: undergraduate, graduate, and continuing education offered through extension units. The UC undergraduate and graduate education divisions provide degree programs to enrolled UC students, while extension units provide a variety of courses to a broader student population. Before enrolling in courses, undergraduate and graduate programs require students to go through an admissions process that includes minimum admission requirements established by the Academic Senate. In contrast, extension units use open enrollment, which permits students to register for UC courses without going through an application and admission process. Extension units provide some courses that offer credit that students may apply toward a degree. The UC Office of the President (Office of the President) indicates that extension units do not receive any ongoing support from the State's General Fund, and the Board of Regents of the University of California (Board of Regents) exempts nondegree extension unit courses from the Academic Senate's oversight of courses and curricula.

## UC Online Education

UC teaches undergraduate, graduate, and continuing education students in person at its 10 campuses, and it also provides students with online instruction. Undergraduate degree programs may include online courses, although their use is currently limited compared to graduate and extension unit programs. However, in December 2023, the UC President approved the establishment of a presidential task force to assess methods of delivering instruction and to consider criteria for online bachelor's degree programs of a quality expected from UC. Later, in February 2024, the Board of Regents declined

### UC System Governance

#### UC Board of Regents

- Establishes and oversees university policies, financial affairs, tuition, and fees.
- Appoints the president of the university.

#### UC Office of the President

- Administers the central functions of UC, such as managing the UC budget and administering benefits and retirement plans.
- Manages certain academic aspects of UC, including maintaining the admissions process and administering student financial assistance.
- Establishes systemwide policies and guidance.

#### Academic Senate

- Empowered by the Board of Regents to decide academic policies, including approving courses and establishing requirements for admission, certificates, and degrees.
- Provides a structure for faculty to participate in the shared governance of the UC and ensures the quality of instruction, research, and public service at UC.
- Advises the administration on faculty appointments, promotions, and budgets.

Source: UC website and Academic Senate bylaws and regulations.

to approve an Academic Senate regulation that would have established a minimum requirement of instructional hours in person and on campus for an undergraduate student to be eligible for a bachelor's degree. The proposed regulation would have essentially prohibited the offering of a fully online undergraduate degree. In contrast, as of January 2024, UC does offer several fully online graduate programs that culminate in graduate degrees.

Further, UC provides continuing education online through extension units at nine of its 10 campuses. UC San Francisco is the only campus that does not have an extension unit. These extension units are administratively self-contained and operate independently from campuses under systemwide policies. This independence permits the extension units' open enrollment model, through which all potential students have access to continuing education that is intended to enhance their skills.

### Online Program Managers

Like many other universities and colleges, UC contracts with OPMs to support its online programs with services such as marketing, recruiting, course development, technology-related support, and instruction. In general, colleges may contract with more than one OPM for different services or to support different online education programs. The U.S. Government Accountability Office (GAO) reported that as of July 2021, at least 550 colleges nationwide were working with an OPM to support at least 2,900 online education programs. OPMs provide support to a range of education programs, including undergraduate degree programs, graduate degree programs, intensive skill-based programs such as boot camps, continuing and professional education programs, and public online courses—also known as *massive open online courses*. Such offerings are open enrollment online courses, meaning that any member of the public may enroll in them, and they are developed by the universities or OPMs and hosted on the OPMs' websites. According to the GAO, OPMs receive payment for their services through a share of tuition revenue, a predetermined fee, or both.

The Joint Legislative Audit Committee (Audit Committee) directed our office to determine the extent of partnerships between OPMs and a selection of five UC campuses, the level of transparency provided to prospective students, the quality of instruction provided, the level of student satisfaction with the associated courses or programs, student outcomes, and compliance with federal and state laws. For this audit, we examined OPM use at UC Berkeley, UC Davis, UCLA, UC San Diego, and UC Santa Barbara, which we selected based on enrollment, the extent of campuses' online programming, and public information about the campuses' use of OPMs.

# UC Uses OPMs to Teach Students in Some Nondegree Programs but Is Not Always Transparent About Doing So

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## Key Points

- UC does not use OPMs to teach students in undergraduate programs, and it generally uses OPMs for support services only in graduate programs. UC uses OPMs to teach students in extension unit programs.
- The information that campuses provided about some extension unit programs that used OPM instructors may have misled prospective students about the OPMs' roles. Campuses did not consistently provide background information about the OPM instructors.
- Campuses' recruitment materials may have misled potential students about the industry value of some OPM programs.

## UC Does Not Use OPMs to Teach Students in Programs That Confer Degrees

For this audit, we requested and reviewed all OPM contracts that were in effect as of January 1, 2023.<sup>1</sup> We identified 51 OPM contracts within the UC system, 30 of which involved the five campuses we selected for review. Eight of these 30 contracts had expired as of May 2024 or were terminated by the campuses. We identified contracts by conducting interviews with knowledgeable campus personnel, such as the deans of extension, graduate, and undergraduate education, and by confirming the universe of contracts with the chancellor or executive vice chancellor of each campus.<sup>2</sup>

None of the contracts we identified involved undergraduate education. As Figure 1 shows, 10 of the 30 contracts we reviewed involved graduate education or a graduate program, but these contracts did not include OPM instruction. Instead, nine of these contracts for graduate programs included OPM marketing or student support services, such as student career counseling and technical support. Programs also contracted with OPMs to provide technical assistance in course development, including by collaborating with UC faculty to produce course content, such as videos, for an online format.

<sup>1</sup> We define an *OPM* broadly as a third-party entity that works with a college to manage services used to develop and deliver an online education program. We did not differentiate between OPMs that provide one course versus those that provide two or more courses, and we requested contracts for OPMs that provide services for the following: short-term programs, such as micro-credentials and boot camps; traditional degree programs, such as associate's, bachelor's, and graduate degrees; and massive open online courses. However, we excluded single-service providers or vendors, such as those companies that only provide campuses with a software application for the administration and delivery of online education courses, unless that single service was instruction.

<sup>2</sup> In this report, we use the term *UC extension units* when we are specifically addressing programs offered through the extension units. Otherwise, we refer to the universities more broadly, or we refer to a specific graduate school or other division.

**Figure 1**  
**Five Campuses We Reviewed Contracted With OPMs to Provide Services for Three Main Categories of Education**

### Public Online Courses

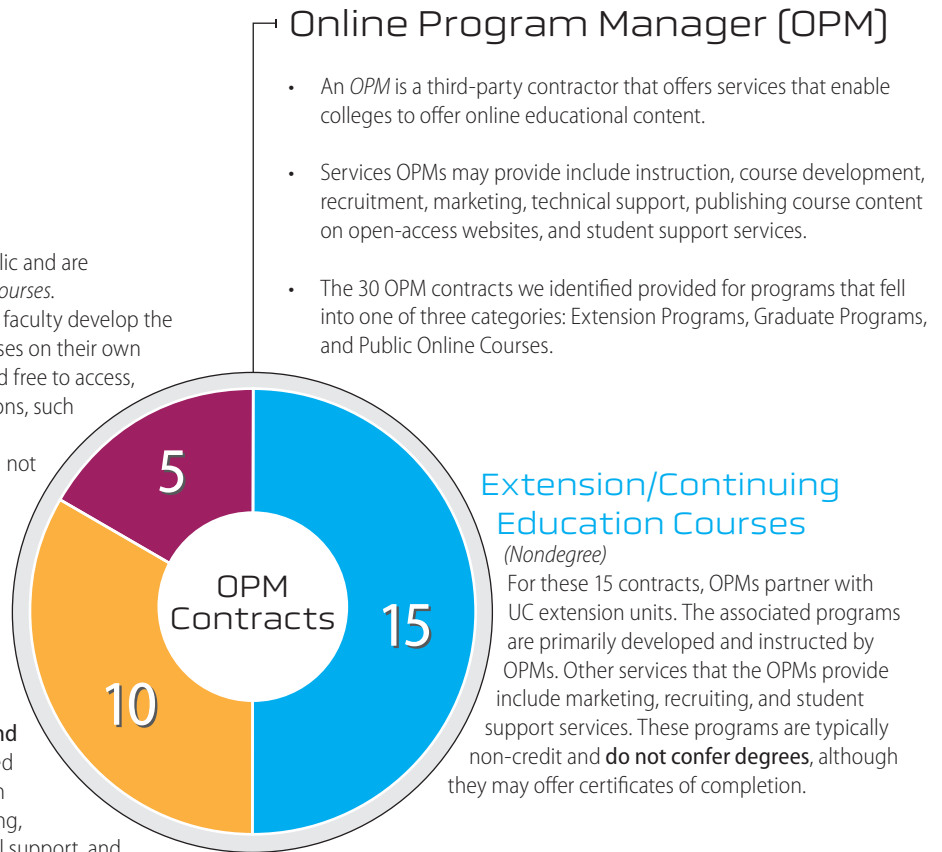
*(Nondegree)*

These courses are offered online to the public and are commonly known as *Massive Open Online Courses*. For the five contracts that we identified, UC faculty develop the course curriculum, and OPMs host the courses on their own websites. They are frequently self-paced and free to access, typically generating revenue through add-ons, such as verified certificates of completion. These courses **do not confer degrees**, and we did not find that any provide UC credit.

### Graduate Programs\*

*(No OPM Instruction)*

Graduate divisions contract with OPMs mostly to support online graduate degree programs. **For the 10 contracts we identified, the curriculum is developed and taught by UC faculty.** Students are admitted through a standard UC graduate application process. OPM services may include recruiting, marketing, collecting applications, technical support, and student support services.



### Extension/Continuing Education Courses

*(Nondegree)*

For these 15 contracts, OPMs partner with UC extension units. The associated programs are primarily developed and instructed by OPMs. Other services that the OPMs provide include marketing, recruiting, and student support services. These programs are typically non-credit and **do not confer degrees**, although they may offer certificates of completion.

Source: Review of OPM contracts at selected campuses.

\* Three of 10 graduate OPM contracts support graduate schools in providing UC curriculum for non-credit online programs. One contract that was intended for online degree program support was used instead to market extension courses.

Various leaders of UC graduate programs described certain benefits associated with using OPMs, including the ability to rapidly increase course capacity, OPM expertise in setting up online education, and increased marketing capacity. All of the graduate degree programs we reviewed that use OPMs are self-supporting: the revenue generated by the program, such as student tuition, generally pays for the program's costs. UC graduate school leadership told us that using OPMs made the development of some of these self-supporting programs financially feasible. For example, UC Berkeley's agreement with an OPM to develop and administer an online Master of Information and Data Science program specified that the OPM would advance \$25,000 each month to UC Berkeley during the program's first year. The dean of UC Berkeley's Graduate Division said that the OPM's upfront investment made launching this new program feasible. Similarly, the dean of UC Davis's Graduate School of Management stated that because of the significant upfront investment required, the school would not have been able to provide its online MBA program without an OPM's involvement.

The assistant dean of UCLA's School of Engineering echoed this principle, saying that hiring its own marketing team for its online Master of Science in Engineering program would have been more costly than using an OPM for those services.

The remaining contracts primarily relate to UC's use of OPMs to teach students in extension unit programs. Although these programs do not confer degrees, they typically offer awards of completion, and some programs result in academic credits and professional certificates, such as certificates in paralegal studies. The Board of Regents bylaws exclude nondegree extension unit courses from the Academic Senate's responsibility to authorize and supervise courses and curricula. However, Academic Senate regulations do require approval by the dean of the extension unit and the relevant department or school for any extension unit curricula that lead to professional credentials or certificates. All 15 contracts we identified that included OPM instruction at the selected campuses pertained to extension unit programs.<sup>3</sup> These OPM programs included courses for technology and coding boot camps, leadership and continuing education programs, paralegal studies programs, and other professional programs. Five of these programs were credit-bearing, and four of the five programs were approved in accordance with Academic Senate rules. We discuss the one course that was not appropriately approved in a later section of this report.

The deans of several extension units reported that they contracted with OPMs to provide online programming because the OPMs had the capacity and expertise the extension units lacked. For instance, UC Berkeley Extension's (Berkeley Extension) dean stated that OPMs had capacity that Berkeley Extension lacked internally and that partnerships with them helped it to offer courses that it would not have been able to provide otherwise. UC Davis Continuing and Professional Education's (Davis Extension) dean said that partnering with OPMs allowed the extension unit to fill curricular gaps and that the OPMs provided insight and experience that helped Davis Extension to develop its own capacities, such as modernizing its marketing practices.

The Office of the President and the Academic Senate generally impose less oversight on extension unit programs. The Office of the President's executive advisor for academic planning and policy development stated that extension units have a high degree of independence from the Office of the President and systemwide Academic Senate oversight. He also stated that extension units are auxiliary and self-supporting, and they do not typically receive ongoing state funding. Academic policy and oversight at the Office of the President and the systemwide Academic Senate typically focuses on graduate and undergraduate degree-granting programs at the campuses. In fact, a representative of the Office of the President told members of the Academic and Student Affairs Committee in a May 2018 meeting that because extension units are self-supporting and dependent upon user demand, they need to be nimble and able to quickly launch new programs that are responsive to the needs of students and their employers. The representative added that the extension units allow UC to introduce and refine alternative models of program delivery, such as online education.

<sup>3</sup> We also assessed whether the campuses we did not select had entered into contracts that included OPM instruction. These campuses contracted with OPMs to provide instruction in 10 instances. All of the contracts were for extension unit programs, and none of the programs conferred degrees.

### **In Some Instances, Extension Units Provided Prospective Students With Incomplete or Misleading Information About OPM Courses**

Properly disclosing who provides instruction for extension unit programs, along with other key information, helps prospective students make better decisions about which courses to take, and federal law requires such disclosure. The Higher Education Act of 1965 allows eligible educational institutions (institutions), such as qualifying institutions of higher education, to participate in authorized student assistance programs. Federal law prohibits these institutions from substantially misrepresenting certain factors about their educational programs, including the nature of a program, the program's financial charges, and the employability of a program's graduates. In July 2023, the U.S. Department of Education (ED) amended federal regulations to state that the *omission* of certain material information also constitutes misrepresentation. This information includes facts related to the factors described above and other elements, such as the identity of the entity that is actually providing instruction or implementing the institution's recruitment, admissions, or enrollment processes. **Misrepresenting such information about OPMs at UC could mislead students about the relationship between OPMs and the university and the roles OPMs play in the education students receive.**

To review marketing and program information available to prospective students, we selected three to five contracts from each of the five campuses we reviewed and chose one program or course associated with each (selected programs). The 20 selected programs included both degree and nondegree programs and included courses that were taught by UC employees and courses taught by OPM employees. For each program, we reviewed the associated website and contacted program representatives, presenting ourselves as prospective students. We assessed whether key information included on the website or provided by program representatives was erroneous or could be construed as misleading. We also determined whether websites omitted those key pieces of information.

The campuses' contracts with OPMs for the selected programs generally did not require that marketing materials disclose an OPM's involvement. However, the majority of the selected program websites (16 of 20) disclosed that campuses partnered with OPMs to provide the programs, as Table 1 shows. The four programs for which campuses did not disclose the OPM's involvement could mislead prospective students to believe that UC, rather than the OPM, provided the instruction. For example, Davis Extension's paralegal studies certificate program did not disclose that it partners with an OPM or that the OPM provides instruction for this program. Davis Extension's staff stated that because the program is credit bearing, it is subject to more academic governance and that Davis Extension views this program as more clearly belonging to the university. Nevertheless, an OPM provides instruction for this certificate program, a fact that federal law requires institutions to disclose, and Davis Extension did not make this clear to potential students. UC Davis's senior director of strategic partnerships stated that his office would be open to disclosing the OPM partnership and outlining the parties' respective roles. As of January 2024, Davis Extension had updated its website for the paralegal program, which now describes the partnership with the OPM and discloses that the OPM provides the curriculum and instruction, which is vetted by the UC Davis School of Law.



**Table 1**  
**The Marketing Materials for Most OPM Programs We Reviewed Omitted Key Pieces of Information or Contained Misleading Information**

| CAMPUS           | PROGRAMS REVIEWED AT EACH CAMPUS* | DID NOT Disclose Existence of OPM Partnership* | DID NOT Clearly Disclose OPM's Role* | Omitted Information or Provided OUTDATED OR MISLEADING Information About Job Market or Employability* | DID NOT Present Student Outcome Information* |
|------------------|-----------------------------------|--|--------------------------------------|---|--|
| UC Berkeley      | 4                                 | 1  | 2                                    | 2   | 4  |
| UC Davis         | 5                                 | 1  | 3                                    | 1   | 4  |
| UCLA             | 4                                 | 1  | 1                                    | 2   | 4  |
| UC San Diego     | 4                                 | 1  | 2                                    | 4   | 3  |
| UC Santa Barbara | 3                                 | 0  | 1                                    | 1   | 3  |
| <b>TOTAL</b>     | <b>20</b>                         | <b>4</b>                                       | <b>9</b>                             | <b>10</b>   | <b>18</b>                                    |

|                  | OPM-INSTRUCTED PROGRAMS | DID NOT Disclose That OPM Provides Instruction | Presented LIMITED OR NO INFORMATION About OPM Instructor Qualifications |
|------------------|-------------------------|--|---|
| UC Berkeley      | 2                       | 2  | 1   |
| UC Davis         | 2                       | 2  | 1   |
| UCLA             | 1                       | 1  | 1   |
| UC San Diego     | 2                       | 2  | 2   |
| UC Santa Barbara | 3                       | 1  | 2   |
| <b>TOTAL</b>     | <b>10</b>               | <b>8</b>                                       | <b>7</b>  |

Source: UC course and program websites.  
 \* Includes programs not instructed by OPMs.

Most of the selected programs that involved OPM instruction provided minimal information on their websites about their instructors’ backgrounds. Such information could be of interest to a prospective student deciding whether to enroll in an educational program. Of the 20 programs we reviewed, 10 involved OPM instruction, yet only two of those 10 clearly disclosed on their program websites that an OPM was providing the instructors. Seven of those 10 also did not provide certain details on their websites about the instructors’ qualifications, such as the instructors’ education and experience. In contrast, the graduate programs we reviewed, whose instructors are employed by the universities, disclosed the instructors’ names and details about their academic or professional backgrounds. After we brought this issue to their attention, the five campuses we reviewed indicated that they would be open to assessing how they could identify the OPM course instructors and adding to their websites more information about their qualifications and the roles of the OPMs.

When we contacted program representatives, we presented ourselves as potential students and asked about the roles OPMs played in various programs. The program representatives generally answered our questions with accurate information. However, when we called UC San Diego’s Division of Extended Studies (San Diego Extension) about its additive manufacturing certificate program, a staff member told us that no

third party was involved, which was inaccurate because OPM instructors taught two of its courses. San Diego Extension's assistant dean of academic affairs said that it was difficult to determine why the staff member misstated this fact. She added that the unit's program managers do not know everything about all programs and that it may have been that the staff member we contacted was not directly overseeing the additive manufacturing certificate program and was unaware of the third party. However, the assistant dean could not provide any specifics or evidence regarding the cause of the miscommunication. Further, the unit's public website for this program does not disclose the OPM's involvement in instruction, and the website lacked information about the program's instructors. Consequently, if prospective students were to review the program's website and speak with the extension unit staff member with whom we communicated, they would likely have an inaccurate understanding of who would teach certain courses. Thus, students could make decisions about whether to register and pay for courses based on incomplete information.

Although the additive manufacturing certificate program is still in place as of May 2024, San Diego Extension canceled the contract with the OPM for this program in April 2024, and the unit's assistant dean stated that the two related OPM courses have not been offered since early 2023. She also stated that San Diego Extension had disclosed the campus's partnership with the OPM in the course descriptions on the campus's learning management system, where it said that the courses were created by the OPM. However, the learning management system is accessible only to students, so an individual who has not yet enrolled would not be able to acquire that information.

Because the learning management system is only available to students, inaccurate or incomplete information presented on the extension unit websites and by program representatives could lead prospective students to believe that instructors were

### Responses of Some Students Who Took OPM-Instructed Courses

*Were you aware that the instruction for the course or program was being provided by an employee of a third-party entity and not by university faculty?*

No: 183 of 333 students answering the question

*Would knowing that online instruction was being provided by a third party and NOT by university faculty have affected your decision to enroll or remain enrolled in the course/program?\**

Yes: 122 of 183 students answering the question

*Do you believe that program information misrepresented the course's instructors as university instructors?*

Yes: 101 of 332 students answering the question

Source: Respondents to a survey of participants in OPM-instructed UC extension unit courses.

\* Only students who answered "No" to the previous question had the opportunity to answer this question.

part of UC faculty and not employed by the OPM. Moreover, our survey of students suggests that some students are concerned about who is teaching their courses. We conducted a survey of 3,320 students who took OPM-instructed courses in 2022 from the five extension units we reviewed. Slightly more than 10 percent of students, or 338 students, provided responses, which Appendix D presents in full. We cannot draw broad conclusions from the results because of the low response rate, which raises the possibility that a larger portion of the responses we received were from students who were displeased with their experiences. Nevertheless, as the text box shows, respondents expressed concerns about certain aspects of the OPM-instructed courses that they took. When we discussed the survey with each of the campuses, Berkeley Extension described its perspective that instructors identified and hired by the OPMs undergo the same vetting and approval processes as other Berkeley Extension instructors. However, not all campuses had the



same vetting or approval processes for instructors hired by OPMs, as we discuss later. Even if the student survey responses do not represent the experiences of all students who enrolled in these courses, the fact that these students stated that they were not aware of the nature of the instruction they received is concerning.

Of the five campuses we did not review, four had an additional 21 OPM contracts that were active as of January 1, 2023. We did not determine how many of those contracts are similar to those from the five campuses we examined. The problems we identified at the five campuses we reviewed suggest that the lack of disclosure that an OPM, rather than a UC campus, was providing instruction could limit prospective students' ability to make informed choices about paying for and participating in these UC extension programs. Because we observed this situation at multiple campuses, systemwide guidance is warranted.

### **Marketing and Recruiting Materials Could Mislead Students About the Academic or Industry Value of Some UC OPM Programs**

Prospective students seeking to enroll in educational programs predominantly geared toward working professionals and postgraduates rely, in part, on marketing and recruiting materials that promote the academic and industry value of the programs. However, the UC OPM programs we reviewed did not always provide accurate, complete, or current information about program outcomes, rankings, costs, or graduate employability, which may limit the ability of students to make knowledgeable choices regarding their education.

#### ***Misstating Student Outcomes and Market Demand***

The OPM programs we reviewed at UC extension units generally related to professional advancement, and many of the program materials portrayed the programs as providing students with the skills and the support services needed to advance or change their careers. However, the websites included few facts related to student outcomes to support those portrayals. Specifically, the websites for 18 of 20 selected programs we reviewed did not include any student outcome information, such as the percentages of enrolled students who completed the program or obtained a certificate, graduates who obtained a job in a related field, or graduates who reported that their annual incomes increased. Staff for some campus programs described their intentions to collect and report student outcome information for their programs or indicated that they might already have some data on program completion and job placement rates. Others indicated that they would be cautious to draw a connection between their programs and certain outcomes or stated that it would be difficult to obtain this information from students.

The two OPM programs we selected that did provide student outcome information on their websites were intensive programs focused on developing technology skills that are in high demand—known as *technology boot camp* programs—that Davis Extension and San Diego Extension offered in partnership with an OPM. Although these programs' websites disclosed job placement statistics, the statistics

were not specific to graduates of the Davis Extension or San Diego Extension boot camps. Instead, the outcomes they described drew from the experiences of graduates from boot camps that the OPM offered in partnership with other entities. According to the OPM's website, it offers boot camps with more than 30 institutions. Because the campuses' portrayals of the programs' ability to deliver job-related results are not supported by results specific to those campuses' programs, it is not clear whether those portrayals are accurate.

Further, the UC websites for their OPM programs provided some misleading or incomplete information about the market demand for the skills the programs offered. The websites for 10 of the 20 selected programs either relied on outdated or unverified information or contained limited or misleading information about the job market, potential salaries, or graduate employability. For example, Berkeley Extension's website for its digital marketing boot camp asserts that digital marketing jobs are "projected to grow 20 percent in the next decade... four times the average growth rate expected for all occupations, according to the U.S. Bureau of Labor Statistics." However, the Berkeley Extension website does not cite a source for the digital marketing job growth projection, and the Bureau of Labor Statistics does not specifically report on the job outlook for digital marketing. Berkeley Extension's assistant dean stated that the Bureau of Labor Statistics does not always map specific jobs to data in an easy-to-understand manner. However, she also noted that the contract with the OPM would allow the unit to request that website language be updated annually to present data that is more current.

Similarly, San Diego Extension's website for its coding boot camp cited *Indeed.com* as stating that a variety of companies are currently seeking web developers in the San Diego area. However, the *Indeed.com* webpage to which the extension unit website linked did not show that the named companies were seeking developers in San Diego; rather, reviews and reported salaries indicated that one of the companies mentioned by San Diego Extension is a top company for web developers. Although the information and sources these campuses provided about their OPM programs may simply be out of date, it is not clear whether the information accurately characterizes the current conditions of the related industries. Without current information on the hiring conditions in relevant industries, students seeking professional education, such as through a coding boot camp, will be less able to make informed decisions about how to spend their education dollars.

### ***Overstating Graduate Program Rankings***

Two graduate programs we reviewed at UCLA and UC Davis used misleading information or excluded details about the programs' rankings, as Figure 2 shows. The assistant dean of UCLA's School of Engineering indicated that UCLA did not publish the online Master of Science in Engineering program's sub-program ranking as #16 for the certificate of specialization in engineering management (engineering management specialization) because *U.S. News & World Report* requested a significant amount of documentation to support the school's ranking for the online graduate engineering program that it did not similarly request for the engineering management specialization within the overall program. The assistant dean also stated

**Figure 2**

**Two Graduate Programs Provided Misleading or Insufficient Information on Their Websites About Their Rankings**

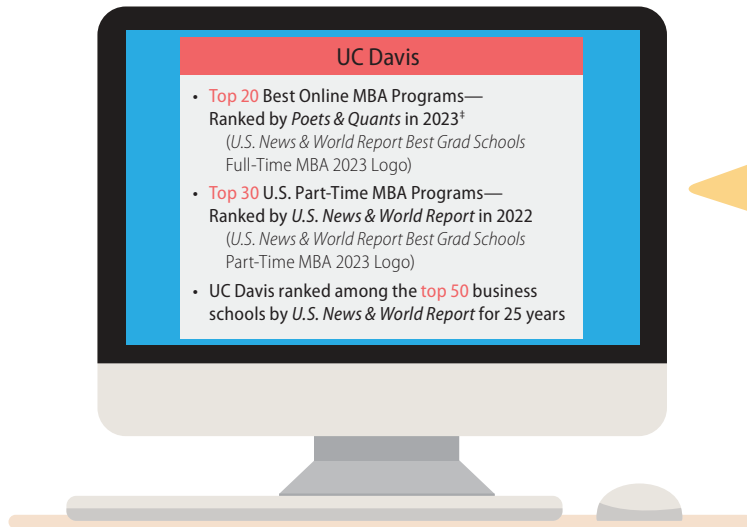
UCLA Online Master of Science in Engineering With Certificate of Specialization in Engineering Management Website



**Fact Check**

Online master's in *engineering management* sub-program ranked **#16** by *U.S. News & World Report*<sup>†</sup>

UC Davis Online Master of Business Administration Website\*



**Fact Check**

- Online MBA ranked **#142** by *U.S. News & World Report* in 2023<sup>§</sup>
- Part-time MBA ranked **#35** by *U.S. News & World Report* in 2023<sup>#</sup>
- Business school ranked **#55** by *U.S. News & World Report* in 2023

Source: UC program websites, *U.S. News & World Report*, and *Poets & Quants*.

\* We identified concerns with the rankings on the two campuses' websites in June and July 2023. UC Davis subsequently updated its website to remove references that were misleading.

† UCLA's online master's in engineering program was ranked #1 by *U.S. News & World Report* in 2023, whereas its online master's in engineering management sub-program was ranked #16.

‡ UC Davis appeared to attribute another organization's ranking to *U.S. News & World Report*.

§ UC Davis did not present the *U.S. News & World Report* ranking of its online MBA program on its website.

# UC Davis's part-time MBA program was ranked in the top 30 of such programs during 2022, but next to that statement, the website presented a *U.S. News & World Report* logo from 2023, a year in which the part-time program was not ranked in the top 30 of such programs.

that these specialization rankings are based on subjective peer feedback and are not data driven. Still, although the engineering management specialization's ranking may not be grounded in the same rigorous methodology as the overall program's ranking, the information that UCLA presented about the specialization may have been insufficient for potential students considering the sub-program.

The UC Davis Graduate School of Management had already identified issues with the presentation of rankings for its online MBA at the time of our review. The school's dean stated that the OPM involved with the program mistakenly believed that some of the *U.S. News & World Report* rankings were relevant to the online MBA. The dean said that the school has worked closely with the OPM's marketing and internal compliance team to ensure that it follows UC Davis's review and approval process. The rankings are now accurately attributed, and UC Davis no longer advertises a *U.S. News & World Report* ranking. However, it is not clear why UC Davis's review process did not identify the inaccuracies before they were made public on its website. Program rankings are one way prospective graduate students may select a particular UC program, and inaccurate portrayals of such rankings are a disservice to students making this important decision.

### ***Not Fully Disclosing Program Refund Policies***

Information on UC extension units' OPM program websites about program costs appeared to be accurate, but most program websites included minimal information about refund policies. The websites for four of the campus extension units describe a \$30 to \$40 drop or refund processing fee that generally applies to all extension unit courses. However, when we asked program representatives of four of the campuses' technology boot camps about the refund policies, they informed us of a separate nonrefundable \$1,000 deposit. The program websites made only passing reference to such a deposit and did not clearly disclose its nonrefundable nature or clarify the amount. As of May 2024, we had not observed changes to the websites. The program representatives stated that students must pay this \$1,000 nonrefundable deposit even if they drop the program within a week of the first class. Awareness of this nonrefundable deposit might affect prospective students' interest in these programs, especially those students of limited means. Nearly 20 percent of respondents to our survey who disclosed their annual individual income earned less than \$29,000 in the year before enrolling in their program, and 67 respondents indicated that they obtained private loans to pay for the costs of their programs. Without disclosure of the amount of a nonrefundable deposit, prospective students cannot fully consider the financial commitment of enrolling in a program.

### ***Use of Potentially Misleading Terminology***

Some UC campuses and their extension units use terminology that could mislead students about the academic value of educational programs. Specifically, some OPM programs describe certificates or awards of completion using terms that sound similar to academic terminology but do not have the same meaning because they do not confer academic credit. For example, UC San Diego contracts with an OPM that

uses the term *MicroMasters* for an open enrollment data science program that does not result in a master's degree nor provide credit toward a master's degree at UC San Diego. Because the term *master's* generally denotes a graduate degree, terminology of this nature could be confusing to students. In fact, in a 2019 report on microcredentials, a task force of the UC Berkeley division of the Academic Senate raised concerns about misleading terminology, including this term. UC San Diego's associate vice chancellor of educational innovation stated that its division of the Academic Senate has also expressed concerns about the term. However, as of May 2024, the program website still used this terminology.

Compounding the problem of using this misleading phrase, a UC San Diego representative for the MicroMasters program misrepresented its value when we inquired about it in the guise of a prospective student. He stated that although the program was not required for applications to UC San Diego's online master's program in data science, it was beneficial to the admissions process. However, according to both UC San Diego's director of digital learning and its associate vice chancellor, an applicant's completion of the MicroMasters program is not taken into account during the admissions process for UC San Diego's master's program in data science. The director of digital learning stated that the campus would review the website and speak with program representatives to ensure that information provided does not suggest a connection between the MicroMasters and master's programs. She later stated that the program representative may have given incorrect information because the campus had not adequately communicated details about the differences between the two programs to all involved parties. Such omissions in communication could lead prospective students to believe that there were additional benefits, such as positively influencing the decision for admission to a degree program, that do not actually exist.

### ***Lack of Defined Review Processes***

Campuses typically have the authority to control how their programs are publicly presented: 26 of the 30 OPM contracts we reviewed made marketing materials subject to review by campus personnel. However, only one of the campuses we reviewed—UC Davis—could provide us with a written policy or procedure describing a structured process for reviewing marketing materials or website content. Davis Extension's documented procedures apply primarily to the marketing strategy for launching a new program, although its senior director of strategic partnerships noted that the unit reviews web pages as necessary throughout the year and as part of its annual planning process. In contrast, UC San Diego's director of digital learning stated that UC San Diego does not have a formal mechanism for overseeing the marketing or website content created by its OPMs, although the associate vice chancellor for innovation said the campus should adopt a formal process for reviewing marketing and website content. A senior international and business development manager for UC Santa Barbara Professional and Continuing Education (Santa Barbara Extension) stated that although the extension unit and the OPMs agree on initial strategy for marketing, the OPM may later make changes to web content directly without the unit's approval. Despite two of its three contracts with OPMs requiring that marketing content be subject to Santa Barbara Extension's approval, the unit does not routinely review website content and is thus unlikely to approve every item of content.



In response to our requests, campuses were able to provide some type of evidence that their staff had reviewed and approved certain content for most of the programs we assessed. However, some campuses were more thorough than others. For example, the UC Davis Graduate School of Management has created a tool for reviewing the messaging for its online MBA program that included tracking changes for the related website's content. In contrast, although Berkeley Extension developed the marketing and web content for its paralegal studies certificate program, the unit could not provide any evidence that it had reviewed that content. The website stated that 82 percent of graduates surveyed would recommend this certificate. However, when we inquired about the statistic, Berkeley Extension determined that the statistic resulted from a graduate survey conducted in 2017, and the unit could not produce the survey when we requested it.

If Berkeley Extension had a periodic review process for its program websites, it might have identified the potentially outdated statistic and the need to reassess the opinions of paralegal studies graduates. By contrast, when we discussed with UC Davis the inaccurate citation of its graduate program's rankings, its leadership was already aware of the issue and was in the process of addressing it with its OPM partner. These contrasting examples demonstrate that a thorough review process that identifies and tracks all of the website elements that need periodic review can be an effective method for ensuring that potential students have accurate information when determining whether to pursue particular courses.

More than 60 percent of respondents to our survey indicated that campuses had misrepresented information about an OPM program in some manner. In particular, 136 respondents indicated that they felt their programs misrepresented the employability of graduates, and this factor seemed particularly important because nearly 70 percent of respondents answered that they enrolled in a program for the purpose of changing their career or field of work. However, about 67 percent of survey respondents indicated that the program or instruction they received did not impact their job or employment situation, and only 36 percent of survey respondents agreed that the program was worth the money they invested.

Many students who responded to our survey indicated that they chose to enroll at the extension unit at their specific UC campus instead of at another educational institution or provider because of the reputation or quality of the UC campus and the value that a certificate from a UC campus represents on their resumes. Encountering misleading or false information about OPM programs would likely tarnish students' perception of the UC. More significantly, UC's misleading or false information about OPM programs could lead students to invest their time and money in programs that will not provide the benefits advertised on UC or OPM websites. The shortcomings in the marketing information for OPM programs to potential students, along with responses to our survey, suggest that the campuses need additional guidance about how the programs should be marketed. As of May 2024, the Office of the President had not begun the process of sharing systemwide guidance about how transparent campuses should be regarding OPMs' involvement in these programs. The Office of the President's executive advisor for academic planning and policy development stated that the office is already drafting possible guidance and intends to start the process of vetting that guidance with stakeholders immediately following the publication of this audit report.

## UC Extension Units Have Not Provided Consistent Oversight of OPM Instruction

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### Key Points

- Four of the five extension units have processes for approving OPM courses and instructors that generally align with Academic Senate regulations, including reviewing the qualifications of OPM instructors. In contrast, Santa Barbara Extension's staff does not review its OPM instructors' qualifications, increasing the risk that its instructors may not be suitable teachers.
- Berkeley Extension, UCLA Extension, and San Diego Extension did not consistently follow or could not demonstrate that they followed each step of their course approval processes, including reviewing OPM instructor qualifications. As a result, they may not be able to confirm that OPM instructors are adequately qualified to teach extension unit courses.
- UCLA Extension and Santa Barbara Extension do not consistently use or review student course evaluations to monitor OPM instruction. These campuses may overlook feedback that could help them better ensure the effectiveness of their OPM courses and instructors.

### Santa Barbara Extension's Process for Approving OPM Courses Does Not Assess Instructor Qualifications

Academic Senate regulations require that the relevant university department and the dean of the applicable extension unit approve courses that provide credit toward an academic degree or toward a professional credential or certificate. However, Academic Senate regulations do not require such an approval process for courses that do not meet these criteria, such as most technology boot camps.

Each campus had a process to approve OPM courses, instructors, or both. Staff at each of the extension units noted that their process for reviewing courses included examining the proposed course curriculum and other documentation before approving the course. Four of the five campuses we reviewed evaluated an instructor's qualifications by reviewing a resume or other biographical information and some additional steps, such as obtaining references, conducting interviews, and observing the proposed instructor conduct a mock lesson. Because they review and approve instructors, the extension units at UC Berkeley, UC Davis, UCLA, and UC San Diego provide more assurance that their OPM instructors are qualified to teach the courses that OPMs offer through UC. Only Santa Barbara Extension did not have a process to approve OPM instructors.

According to Santa Barbara Extension's senior international and business development manager, the unit does not see a need to oversee OPM instructors because the unit trusts its OPMs to ensure quality instruction. However, other

extension units have identified concerns when reviewing the qualifications of prospective instructors. For example, Davis Extension's senior director of strategic partnerships described an instance in which a potential instructor did not demonstrate the preferred level of confidence in teaching, nor did the instructor's resume show substantial teaching experience. Davis Extension moved forward with approving the instructor after determining that the instructor exhibited strengths in teaching small groups and that the OPM would provide her with training and support. Without such a review process, students taking courses through the Santa Barbara Extension may not receive the quality of instruction they expect from the UC and for which they paid.

Santa Barbara Extension's executive director said that the COVID-19 pandemic drove it to expand online course offerings and that student demand drove the unit to provide courses on coding through partnerships with other entities, such as OPMs. However, Santa Barbara Extension indicated that imposing additional processes, such as reviewing instructors' qualifications, could potentially impact the economic benefits of using OPMs. Nevertheless, we found that such a process does not appear to be excessively time consuming or costly. For example, Davis Extension's senior director of strategic partnerships said that the unit's process for reviewing an instructor candidate's application and qualifications usually takes 90 minutes to two hours if a candidate meets the unit's requirements.

### **Some Extension Units Have Not Consistently Followed Their Own Processes for Overseeing OPM Courses and Instructors**

Each of the five extension units we reviewed had processes in place to approve OPM courses, and four of them had processes in place to approve OPM instructors. However, the units must follow all of their processes to ensure effectiveness. We reviewed 21 courses in total, selecting at least four courses that each extension unit offered in 2022. Three of the extension units we reviewed were able to demonstrate that they consistently followed every step of their processes for approving OPM courses. **Only one of the four extension units with an instructor review process could demonstrate that it followed each process step for all of the courses we reviewed.** As Table 2 shows, only Davis Extension was able to provide evidence that it followed each step of the process it had established for reviewing both courses and instructors. Santa Barbara Extension followed its established course approval process, but the unit did not have an established instructor review process, as we note earlier. For eight of the 13 courses that we reviewed at the other three extension units, the units either did not follow all of the steps in the processes they had established for reviewing instructors, or were unable to demonstrate that they followed each step. UCLA Extension and Berkeley Extension were able to provide documented approvals for all or most of the OPM courses reviewed, respectively. However, each of the three units was unable to demonstrate that it approved an instructor of at least one of the courses reviewed. Berkeley Extension was unable to provide supporting documentation, such as instructor references, for any of the four courses reviewed. Although San Diego Extension has a policy that describes its approval process, for three of its five courses we reviewed, it could not demonstrate its approval of the courses or the instructors. Because the extension units rely on OPMs to provide courses, extension units' approvals of courses and instructors are a key safeguard to ensure that courses and instructors meet UC standards and that students receive the quality of instruction they expect.



**Table 2**  
**Only One UC Extension Unit Could Demonstrate That It Followed Every Step of a Process to Approve the OPM Courses and Instructors We Reviewed**

| CAMPUS  | BERKELEY EXTENSION   | DAVIS EXTENSION | UCLA EXTENSION | SAN DIEGO EXTENSION | SANTA BARBARA EXTENSION |
|---|--|-----------------|----------------|---------------------|-------------------------|
|   | <i>Number of Courses for Which the Campus Followed Its Process</i> |                 |                |                     |                         |
| Implemented All Aspects of Its <b>Course</b> Review Process     | 3 of 4   | 4 of 4          | 4 of 4         | 2 of 5              | 4 of 4                  |
| Implemented All Aspects of Its <b>Instructor</b> Review Process | 0 of 4   | 4 of 4          | 3 of 4         | 2 of 5              | <i>Has No Process</i>   |

Source: Documentation of approvals for course and instructor, interviews with extension unit staff.

\* The table presents information on whether the extension units we reviewed followed every step of their processes for approving OPM courses and instructors. Santa Barbara Extension does not have a process for reviewing and approving OPM instructors, so the table indicates *Has No Process*. If a practice was applicable, the table shows whether the extension unit used the practice for at least a portion of the courses we reviewed.

The three extension units attributed these lapses to staff turnover or poor document retention practices. For example, for one of its boot camps, San Diego Extension’s assistant dean stated that the unit may have overlooked the instructor and course approval because the approval was pending when the assigned program manager departed and he may not have communicated the approval status to the incoming manager. The assistant dean said that to address this issue, San Diego Extension will examine its process to identify possible improvements so that all of its stakeholders know whether the course and instructor have been approved. One of the courses at San Diego Extension that did not have documented approval of the course or instructor was a course conferring credit toward a professional certificate and was subject to Academic Senate regulations that require certain approvals. In this case, the lack of approval for the course puts San Diego Extension out of compliance with Academic Senate regulations, in addition to being noncompliant with its own processes.

Similarly, UCLA Extension’s assistant dean of academic affairs explained that he could not provide evidence that the extension unit followed its process because a previous program director had departed abruptly, leading to the course and instructor approval documents not being properly transferred to the new program director. He said that UCLA Extension has since improved its recordkeeping practices by storing in the unit’s central database all documents related to course and instructor approvals for OPMs, and this practice should allow other staff to access the documents even if program managers leave the unit.

Berkeley Extension could not demonstrate that it followed its established instructor approval process in several instances because it did not retain approval documentation. The contracts we reviewed for Berkeley Extension have been in place for multiple years, and the unit approved the four courses we reviewed before 2019. The assistant dean stated that the unit has since adopted a stronger record retention process and now retains electronically all documents related to course and instructor approvals. By deviating from established processes and regulations for the approval of OPM courses and instructors, UC risks offering students courses that do not meet UC standards and diminishing the value of such courses to students.

### Certain Extension Units Did Not Use Student Course Evaluations to Monitor OPM Instruction

The Western Association of Schools and Colleges' (WASC) Senior College and University Commission has established guidance on agreements with unaccredited entities such as OPMs.<sup>4</sup> That guidance states that the accredited institution should, among other things, establish procedures for periodically evaluating the efficacy and quality of the unaccredited entity's services and the outcomes the entity provides. A 2022 report in the *International Journal of Teaching and Learning in Higher Education* notes that course evaluations are commonly used to measure teaching effectiveness at universities.

At all extension units that we reviewed, staff indicated that students' course evaluations occurred as part of the typical process for extension unit courses. However, campuses varied in their approach to student course evaluations for OPM courses. San Diego Extension used its own standard course and instructor survey for the OPM courses that we reviewed. In contrast, Davis Extension's dean explained that its process for student course evaluations varies by OPM and that one OPM performs its own surveys and evaluations, while the unit administers its own course evaluations for the other OPM programs using the same format it follows for other extension unit courses. Berkeley Extension's program director of business and management stated that one of its OPM partners did not administer student course evaluations and that another OPM manages its own student course evaluations and provides summaries to the campus. The program director of computer science and engineering said that Berkeley Extension has begun to implement its own student course evaluations for all of its boot camp courses.

Both Santa Barbara and UCLA extension units stated that their respective OPMs conduct student course evaluations but that the units do not receive regular reports from the OPMs on the evaluations. Santa Barbara Extension's senior international and business development manager explained that staff meet with OPMs and sometimes discuss these evaluations, but they do not perform a detailed review of the OPMs' evaluation data. UCLA Extension's assistant dean of academic affairs acknowledged that the unit does not regularly review the results of the evaluations conducted by the OPMs, although the OPM occasionally shares its results upon request from the extension unit or as needed. Staff at both Santa Barbara and UCLA extension units stated that OPMs have an incentive to ensure student satisfaction and the quality of education they provide to protect their reputations. However, because an OPM's interests may differ from those of a campus, the unit's reliance on the OPMs to notify it of concerns may be misplaced. Santa Barbara Extension's senior international and business development manager acknowledged that there are risks to not performing a detailed review of the evaluations administered by the OPMs but stated that the extension unit trusts the OPMs to inform it if there are problems. UCLA Extension's assistant dean of academic affairs stated that the extension unit ensures that students of OPM courses know that they have access to the same feedback systems as other students do to file complaints about any problems they experience.

<sup>4</sup> WASC's Senior College and University Commission accredits secondary and post-secondary educational institutions, including UC campuses.

Our survey responses suggest that some students have concerns with courses taught by OPMs that the campuses should address. For example, 111 of 321 survey respondents who answered a question about the coaching, career support services, and other services provided through their OPM programs indicated that they were dissatisfied.<sup>5</sup> The text box includes a selection of the students' responses. In response to another survey question, 216 of 322 students reported that the program or instruction they received did not impact their job situation at all. The potential impact of the course they took on their employment seemed important to many students because 224 of 324 respondents reported that they enrolled in the program they took for the purpose of changing their career or field of work. Because the extension units did not routinely use OPMs' evaluations to monitor students' experiences and satisfaction, the units lacked a proven means of identifying ineffective courses and instructors and were consequently less able to take proactive steps to improve outcomes for students.

#### Examples of Critical Responses From Our Survey

- *"The quality of the mentors I worked with was very low. Overall I didn't get much help from my mentors. The quality of the content was all over the place."*
- *"The career support and the availability of content for one year, as promised, was non-existent."*
- *"The \$10k bootcamp itself taught me about 3 or 4 weeks' worth of knowledge that I could have gotten for free on YouTube. One of the reasons I did not drop out when I realized the bait and switch scam, was because I was hopeful that the career services would be of use. However, there were no companies ready to hire bootcamp graduates... The program left me severely underprepared and unqualified to work in the field."*

Source: Responses to California State Auditor survey.

<sup>5</sup> As we state in a previous section, we surveyed 3,320 students at the five selected campuses, and 338 individuals—or slightly more than 10 percent—provided responses. Not all individuals who responded to the survey answered every question.

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## Campuses Lack Certain Guidance From the Office of the President on Contracting With OPMs

### Key Points

- The selected campuses' contracts largely aligned with federal rules and guidance regarding incentive compensation. However, some contracts included payment terms that may elevate the risk of OPMs using practices to recruit and enroll students that are not in the best interests of students.
- We identified several instances in which UCs outsourced key services to an OPM, such as admitting students and selecting and hiring course instructors and assistants, despite guidance from the WASC Senior College and University Commission stating that those services are not acceptable to be outsourced.

### Campuses Need Additional Guidance About Compensating OPMs to Better Protect Students' Interests

Although the UC contracts we reviewed with OPMs generally complied with federal law regarding incentive compensation for student recruitment, UC could strengthen its guidance to campuses to better protect students. In order to participate in many federal student aid programs, federal law prohibits institutions, including UC, from providing financial incentives based, in part, on success in recruitment activities, as the text box shows. For example, payments based on success in targeted recruiting, such as directly contacting potential enrollment applicants, are subject to the ban on incentive compensation. Incentive compensation includes tuition revenue sharing, which ties OPMs' compensation to the number of students whose enrollment results directly from the OPMs' recruitment activity. The purpose of the prohibition is to protect students against abusive recruiting practices designed to unduly pressure students to enroll in programs that do not meet their needs. The ED allows for a *bundled services exception* to the prohibition on incentive compensation, as the text box explains.

In alignment with the federal prohibition on incentive compensation, the Office of the President has established guidance on incentive compensation that advises campuses not to

#### Incentive Compensation and the Bundled Services Exception

##### Incentive Compensation

The Higher Education Act of 1965 prohibits institutions from paying any commission, bonus, or other incentive payment based, in part, upon success in securing enrollments, to those engaged in any student recruitment or admission activity (incentive compensation).

##### Tuition Revenue Sharing

The ED generally considers payments to third parties based on the amount of tuition generated (tuition revenue sharing) to be indirect incentive compensation, which is also prohibited.

##### Bundled Services Exception

The ED allows for an exception to the prohibition on incentive compensation. Tuition revenue sharing is allowed if, meeting other requirements, such payments are not solely for recruitment services but are also for provision of other services, such as marketing or technology services. This exception is commonly referred to as the *bundled services exception*.

Source: Federal law and ED guidance.

enter into any revenue-sharing arrangements with entities, such as OPMs, that recruit undergraduate students. It also suggests that campuses apply the same standard to international students, even though the federal law prohibiting incentive compensation does not apply to the recruitment of international students residing in foreign countries who are not eligible to receive federal student assistance. However, the Office of the President's guidance does not establish a similar expectation for graduate or continuing education students, which are the student populations affected by the OPM contracts we reviewed.

One extension unit we reviewed, as well as six of 10 graduate programs we reviewed, incorporated contract provisions that acknowledged the incentive compensation ban. In UCLA Extension's contract with the OPM providing its technology boot camps, each party certified to the other that it complied with all applicable portions of the federal regulation prohibiting incentive compensation. At UC Berkeley, UC Davis, and UCLA, the graduate programs and one contract for online continuing education courses either asserted that the OPMs would compensate employees in accordance with regulations prohibiting incentive compensation or that they complied through the bundled services provision. These provisions are potential best practices because they confirm that both parties involved are aware of their responsibilities to protect students from the undue influence of an incentivized recruiter. However, none of these contracts included methods to monitor compliance or any provisions that indicated that the campuses would assess the OPM's compliance.

The contracts we reviewed broadly aligned with the bundled services exception, although we question whether certain tuition revenue-sharing arrangements might provide an incentive for the OPMs to recruit more students. For example, the extension units at Berkeley, Davis, UCLA, and San Diego had contracts with the same OPM to provide technology boot camps, and Santa Barbara Extension had a contract with another OPM for similar services. All of these boot camp contracts directed the OPMs to provide instruction and enrollment services, as Table A1 of Appendix A shows, and each involved tuition revenue sharing. The ED's guidance on incentive compensation does not explicitly state that the bundled services exception is inapplicable when a third party performs instruction. The guidance only states that the third party's independence from the institution that provides the actual teaching is a significant safeguard against the recruitment abuses the ED has previously seen. Likewise, the ED's guidance does not state that the bundled services exception is inapplicable when the third party determines enrollments. Instead, it states that when the institution determines enrollments, tuition revenue sharing does not incentivize recruiting as it does when the recruiter is determining enrollment numbers and there is no limitation on enrollment. Accordingly, we are unable to conclude that the contracts in which the OPM performs enrollments for the program violate federal law. Nevertheless, based on the ED's guidance, the boot camp contracts' provisions could increase the risk of OPMs engaging in abusive recruiting practices by encouraging them to focus on increasing numbers rather than on offering quality programs to students.

In another instance, we noted that in addition to a tuition revenue-sharing provision, a contract for UCLA's online Master of Healthcare Administration program provided for a bonus payment that increases based on the OPM's success in securing specified amounts of tuition revenue, which directly correlates to success in recruiting prospective students. When we questioned the propriety of the bonus, UCLA's program director described certain safeguards: the program's enrollment is limited, and UCLA makes all admissions decisions. However, the program's contract did not specify a cap on enrollment, potentially increasing



the risk of using the bonus payment as an incentive to recruit more prospective students. Because ED guidance does not address this specific payment structure, we did not determine whether the scenario violated the incentive compensation prohibition. Nevertheless, the contract terms created a higher risk because they incentivized recruitment in a way that other UC contracts did not by offering a bonus based on enrollments.

Campus personnel generally agreed that guidance from the Office of the President on recruiting protections for the students affected by OPM contracts would be useful. The Office of the President's director of academic planning and policy acknowledged that there is no UC guidance on recruiting extension students, except to the extent that the existing guidance could apply to international students who have enrolled in extension unit programs. Because the Office of the President has already established guidance for recruiting international students that exceeds federal requirements, it should consider expanding its guidance to graduate and continuing education students. The Office of the President's executive director of graduate studies agreed that it would be prudent to mitigate any potential recruiting risks to graduate students by offering guidance, although she described needing flexibility to determine which of the existing recruiting guidelines would be best for graduate students. The extension unit staff we spoke with were generally receptive to or supportive of additional guidance in this area. Without guidance regarding incentive compensation related to graduate and extension studies, UC risks not complying with federal requirements and, more importantly, risks creating situations in which OPMs might be inclined to focus more on recruiting students than providing quality instruction, such as by omitting or providing misleading information about the programs, as we discuss earlier.

### UC's Use of OPMs Does Not Align With Best Practices for Contracting With Unaccredited Entities

WASC's Senior College and University Commission, the entity from which the UC receives its accreditation as an educational institution, has established a policy on accredited institutions, such as the UC, contracting with unaccredited entities, such as the OPMs we reviewed. It has also issued guidance on how to implement this policy, and that guidance describes certain best practices for contracting with unaccredited entities and specifies services that accredited institutions should or should not outsource. These best practices help safeguard the institution, which bears final responsibility for ensuring the quality and integrity of all activities conducted in its name.

WASC's Senior College and University Commission guidance establishes principles for contracting with unaccredited entities, specifies elements that should be included in the agreement, and specifies services that are acceptable to outsource. The guidance states that the four services described in the text box are among those services that accredited institutions should not outsource to unaccredited entities, although the guidance also recognizes that there may be exceptions that merit additional consideration. Nevertheless, we identified OPMs performing each of these functions for the UC. In our review

#### Key Services That Institutions Should Not Outsource

- Admitting students
- Maintaining records of student performance
- Selecting and hiring course instructors and assistants
- Collecting tuition or other fees directly from students to compensate for an outside vendor's services

Source: *Agreements with Unaccredited Entities Guide* from the Senior College and University Commission of the Western Association of Schools and Colleges.

of 30 contracts, we found that OPMs were responsible for admitting students into OPM courses in 16 instances and, as Table A1 in Appendix A shows, OPMs were responsible for collecting tuition in 17 instances. WASC guidance also notes that selection of and hiring of instructors should not be outsourced. However, we found that for the 15 contracts we reviewed that included OPM instruction, OPMs were required to select instructors in 14 contracts and required to hire instructors in 13. Moreover, some institutions could not provide records related to student completion of OPM-instructed courses and instead rely on OPMs to maintain records of student performance.

We did not identify any systemwide guidance established by the Office of the President on how best to contract with an OPM or that specified which functions could be outsourced. According to a WASC Senior College and University Commission representative, the Commission intended the guidance for accredited entities to have a broad applicability for all agreements with unaccredited entities; it was not exclusively for those programs that result in academic credit. As we note throughout this report, outsourcing educational services to OPMs without adequate oversight can increase the risk of misrepresentation, misguided recruiting practices, and educational programs that fall short of students' expectations to enhance their knowledge, skills, and employability.



## Other Areas We Reviewed

During the course of our audit, we identified concerns pertaining to updates to federal incentive compensation guidance and the revenue amounts Berkeley Extension received from an OPM. We also reviewed student completion rates for OPM-instructed education programs and the processes campuses used when entering into OPM contracts.

### Updates to U.S. Department of Education Incentive Compensation Guidance

The Audit Committee directed us to review the selected campuses' compliance with the federal ban on incentive compensation and, to the extent possible, determine how UC can better demonstrate its compliance. As we describe earlier in this report, federal law does not generally allow institutions, including UC, to provide financial incentives that are based on success in recruitment activities, unless the U.S. Department of Education's (ED) bundled services exception applies. When we contacted the ED, the representative with whom we spoke did not describe concerns about UC specifically but did convey general concerns about colleges' ability to demonstrate compliance with the federal prohibition on incentive compensation. The representative said that a good practice that a college should use to prevent incentive compensation is to include in its contracts a provision that its annual compliance auditor must have access to the contractor's records. Further, the college should require the OPM to have an independent evaluation of incentive compensation performed annually, either as part of a broad compliance audit requirement or through a separate requirement. However, compliance audits are less helpful when the criteria for allowable activities are unclear, such as ambiguity about when the bundled services exception applies. When we asked the ED representative whether a bonus payment from a campus to an OPM in a tuition revenue-sharing agreement would be compliant with the ban on incentive compensation, which was a situation we encountered during the audit, he declined to provide an opinion.

Additional federal guidance for auditing incentive compensation may be forthcoming. The GAO recommended in 2022 that the ED provide more instructions about OPM arrangements for consideration during federal compliance audits and program reviews. The Office of Management and Budget addressed this GAO report in May 2023 with guidance for auditors, suggesting that they should obtain lists of entities that recruit students for colleges and review those entities' compensation records. The ED appears to be evaluating incentive compensation rules more broadly. In February 2023, the ED issued guidance stating that certain regulated organizations that contract with institutions, known as *third-party servicers*, would include entities that provide recruitment and retention services for colleges. This guidance would subject entities performing these functions to additional audit requirements for third-party servicers. The ED initially set an effective date of September 1, 2023, for this guidance to be followed. However, the ED published a letter in May 2023 that effectively rescinded the previous guidance. Nevertheless, the ED held sessions in March 2023 to receive public comments, recommendations, and suggestions to improve guidance on incentive compensation law, particularly with respect to bundled services. These sessions may lead to clarifying information from the ED that will inform UC's approach to ensuring compliance with the law. In the May 2023 letter, the ED stated that it plans to release final revised guidance at a later date.

### Concerns About the OPM Revenue That Berkeley Extension Received

As we discuss in our assessment of data reliability, we noted concerns in the financial data related to Berkeley Extension's contract with one OPM. Among our concerns, we found that the OPM may not have paid sufficient revenue to Berkeley Extension. Berkeley Extension's contract with this OPM states that 20 percent of the gross revenue collected should be distributed to the campus. However, we found that for fiscal year 2021–22, the revenue actually received by Berkeley Extension was a 14 percent share of the total receipts reported by the OPM. We were not able to calculate a precise amount for the potential revenue Berkeley Extension may not have received due to timing issues associated with student payment plans. Berkeley Extension amended the contract with the OPM to change the revenue share terms from 20 percent of the gross revenue collected to 20 percent of the net revenue collected, after deducting refunds, discounts, and defaults. This amendment, however, did not become effective until May 1, 2023, after the end of fiscal year 2021–22.

According to the Berkeley Extension accounting manager, the accounting department does not have a way to independently verify the amount of tuition charged nor the receipts collected from students. Further, the accounting manager stated that the accounting department assumed that the Berkeley Extension academic department involved with the OPM reviewed the OPM's financial information for accuracy. However, the Berkeley Extension program director for that academic department stated that the academic department did not have a process to verify that the revenue amounts received from the OPM were accurate. Without a means to ensure that the OPM pays Berkeley Extension the full amounts owed according to the terms of the contract, there is heightened risk that the campus is not receiving its fair share of tuition revenue.

### Student Completion Rates for Programs That Involved OPM Instruction

The Audit Committee directed us to review the completion and dropout rates for courses taught by OPM-hired instructors. We analyzed enrollment data for each of the UC extension units at the selected campuses to identify the percentage of students who withdrew, completed and passed, or completed but did not pass a course or program taught by an OPM-hired instructor from July 2020 through December 2022. As Table 3 shows, we compared these rates to the overall rates for all courses and programs at each extension unit, including those that provide academic credit.

We found that overall completion rates varied across the extension units, in part because of the different tracking and reporting methods that each unit used. For example, Santa Barbara Extension's senior international and business development manager explained that grades are not required for the unit's 800-level courses, which are not credit bearing, resulting in a greater number of blank grades and a higher percentage in the "Other" category. Additionally, we found that the completion rate for San Diego Extension's technology boot camps, which we calculated as 100 percent, could be overstated. Specifically, San Diego Extension tracks only the number of students who complete the program, but it does not keep a record of those who drop out or withdraw. Further, in our analysis, we

considered a withdrawal to be a drop that occurred after the refund deadline. However, Davis Extension does not distinguish between course drops occurring before and course withdrawals occurring after the refund deadline. Therefore, we could not identify withdrawals from the data Davis Extension provided. As a result of the limitations we found, the data we show in Table 3 may not accurately present completion rates for all of the courses we reviewed.

**Table 3**  
**Completion Rates for OPM-Instructed Programs Compared to All Extension Courses**  
**From July 2020 Through December 2022**

| EXTENSION        |   | % COMPLETE | % NOT COMPLETE | % WITHDRAWAL | % OTHER* |
|------------------|---|------------|----------------|--------------|----------|
| UC Berkeley      | All Extension courses or programs                       | 86.1%      | 7.3%           | 5.0%         | 1.6%     |
|                  | Technology boot camps                                   | 76.0       | 23.4           | 0.0          | 0.6      |
|                  | Paralegal studies certificate program <sup>†</sup>      | 82.8       | 11.9           | 4.0          | 1.3      |
|                  | HVAC certificate program <sup>†</sup>                   | 92.6       | 5.8            | 0.4          | 1.2      |
|                  | Certified financial planning program                    | 100.0      | 0.0            | 0.0          | 0.0      |
| UC Davis         | All Extension courses or programs                       | 86.6       | 4.8            | ‡            | 8.5      |
|                  | Paralegal studies certificate program <sup>†</sup>      | 75.0       | 25.0           | ‡            | 0.0      |
|                  | Technology boot camps                                   | 81.5       | 18.5           | ‡            | 0.0      |
|                  | Youth program and cybersecurity courses                 | 28.6       | 0.0            | ‡            | 71.4     |
| UCLA             | All Extension courses or programs                       | 82.3       | 10.3           | 2.7          | 4.4      |
|                  | Technology boot camps                                   | 68.2       | 30.8           | 1.0          | 0.0      |
| UC San Diego     | All Extension courses or programs                       | 89.5       | 3.8            | 1.8          | 4.9      |
|                  | Automotive safety certificate program <sup>†</sup>      | 95.7       | 4.3            | 0.0          | 0.0      |
|                  | Additive manufacturing certificate program <sup>†</sup> | 89.5       | 5.3            | 5.3          | 0.0      |
|                  | Technology boot camps <sup>§</sup>                      | 100.0      | 0.0            | 0.0          | 0.0      |
| UC Santa Barbara | All Extension courses or programs                       | 77.7       | 0.7            | 7.5          | 14.1     |
|                  | Customer experience and leadership programs             | 49.9       | 50.1           | 0.0          | 0.0      |
|                  | Technology boot camps                                   | 27.9       | 50.0           | 22.1         | 0.0      |

Source: UC Extension enrollment data.

\* These percentages include students whose grades were blank in the data we reviewed or were marked as *not reported*, *in progress*, *incomplete*, or *no credit*.

† Credit-bearing program.

‡ UC Davis's enrollment data did not make it possible to determine its number of withdrawals.

§ UC San Diego's enrollment data for its technology boot camps are incomplete because the extension unit tracks data only for boot camp students who complete their programs.

### Processes Campuses Used When Entering Into OPM Contracts

Campuses generally did not have established processes for contracting with OPMs. Instead, they each followed standard UC procedures for contracting. UC Davis and UC Berkeley also have their own procedures: UC Davis has its own procurement policy that is not specific to OPMs, which is based on the Office of the President's policy, the *State Contracting Manual*, and state law. UC Berkeley now has a policy specific to OPMs, established in September 2022, which specifically requires competitive bidding for revenue-sharing OPM agreements, among other requirements. The Office of the President's systemwide procurement policy for the purchases of goods and services requires competitive bidding for purchase agreements of more than \$100,000 unless certain exceptions apply. The policy describes formal competitive bidding as the process of publicly issuing documents that invite vendors to submit offers to fulfill specific requirements.

We did not determine that any of the contracts we identified violated UC contracting requirements. However, as part of our review, we determined whether the campuses we selected considered multiple vendors when entering into OPM contracts, such as through a competitive bidding process. We found that the campuses used a competitive bidding process for only one of the 30 OPM contracts we reviewed.

The campuses provided various reasons for not using a competitive bidding process when entering into OPM contracts. For 20 of the 30 contracts we reviewed, the campuses asserted that it was not necessary to consider multiple vendors because the contracts include tuition sharing payment terms or represented no cost to the campus. Specifically, they stated that the Office of the President's procurement policy did not apply to these contracts because the policy specifically covers contracts involving an expenditure of funds, not those that are revenue generating. Further, the campuses stated that, as part of their research for entering in the OPM contracts, they researched other vendors when appropriate. The campuses did not document much of this. However, given that these contracts are revenue generating, the campuses' explanations are reasonable.

The Office of the President's procurement policy also contains several exceptions to the competitive bidding requirement. For example, the requirement does not apply to contracts of less than \$100,000 annually, which the campuses cited as justification for not using a competitive process for four of the OPM contracts we reviewed. Similarly, UC Davis cited an exception that applies when the requested services provided by a particular source are the only ones that will meet the campus's needs. In this instance, UC Davis procurement documents indicated that it did consider multiple vendors but determined that only one OPM demonstrated the ability to meet all of the program's needs. In three other instances, UCLA contracted for OPM services by selecting vendors from a prequalified pool of vendors it had previously established. This is a common practice throughout the State.

## Recommendations

### Office of the President

To promote practices that will mitigate the risks of using OPMs, the Office of the President should, with input from relevant stakeholders, such as extension unit deans and using the guidance provided by WASC, create guidance by June 2025 for UC's use of OPMs. The guidance should define the OPMs to which it applies and, at a minimum, establish the following expectations:

- Campuses should ensure a minimum level of transparency about an OPM's involvement in education programs, including requiring accurate public-facing website descriptions of the services an OPM provides and requiring the publication of the names and qualifications of OPM-paid instructors on public-facing websites, when applicable. This guidance should establish expectations for the minimum level of review that campuses should perform of websites and other marketing or recruiting materials for their programs that involve an OPM.
- Campuses should provide adequate oversight of OPMs that provide instruction on behalf of UC and the steps the campuses should take to review, approve, and evaluate OPM-created courses and OPM-provided instructors. The guidance should specifically address collecting student evaluations of OPM courses and should establish expectations for campuses' reviews of those evaluations following each academic term.

To better protect prospective students from recruiting practices that are not in their best interests, the Office of the President should expand its existing guidance on incentive compensation by June 2025 to address graduate and continuing education students. The expanded guidance should describe that UC discourages tuition revenue sharing or bonus payments to entities that recruit graduate or continuing education students, as it does for undergraduate students. Further, the expanded guidance should describe the safeguards that campuses should adopt to mitigate the risks posed to students and to better ensure UC's compliance with federal law.

### UC Berkeley, UC Davis, UCLA, UC San Diego, UC Santa Barbara

To provide transparency to prospective students regarding course instruction, by June 2025, the campuses should engage with relevant stakeholders regarding creating or amending their policies or processes to require that course descriptions and program websites include the following:

- Disclosure of the partnership between an OPM and the campus.
- A description of the OPM's roles, particularly when the OPM provides instruction.
- Identification of OPM instructors as well as their training and experience.
- Disclosure of the amounts of any nonrefundable deposits or fees.

To ensure that they do not provide misleading information on their websites, by June 2025, the campuses should engage with relevant stakeholders regarding creating and implementing a policy to review, on no less than an annual basis, the program websites associated with courses that OPMs support to ensure that the information provided is current and accurate. The campuses should formally document these reviews and track any needed or subsequent changes.

### **UC Berkeley**

To ensure that Berkeley Extension receives the full amounts owed to the campus according to the terms of its OPM contracts, by June 2025, Berkeley Extension should establish a process to verify that the revenue amounts received from each OPM are accurate.

### **UCLA and UC Santa Barbara**

To better monitor how well the OPMs are serving students, by June 2025, UCLA Extension and Santa Barbara Extension should establish and implement a policy to review and assess the results of OPM-administered student course evaluations after each academic term.

### **UC San Diego**

To prevent prospective students from being misled about the value of OPM-provided courses, by June 2025, UC San Diego should develop fact sheets that list key information for each course or program, such as whether the course provides a benefit for admission to another campus degree program.

To prevent prospective students from being misled about the value of OPM-provided courses, by June 2025, UC San Diego should request that its Academic Senate assess whether the campus should continue to use the term *MicroMasters*.

To comply with Academic Senate rules and its own policies regarding course and instructor approvals, by June 2025, San Diego Extension should establish a process to document all OPM course and instructor approvals.

### **UC Santa Barbara**

To ensure that the OPM instructors teaching students on its behalf are sufficiently qualified, by June 2025, Santa Barbara Extension should incorporate a review of the instructors' qualifications into its OPM course approval process.

We conducted this performance audit in accordance with generally accepted government auditing standards and under the authority vested in the California State Auditor by Government Code section 8543 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



GRANT PARKS  
California State Auditor

June 6, 2024

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# Appendix A

## Contract Information for Selected Campuses

The Audit Committee directed us to identify and review the agreements in effect as of January 1, 2023, that five selected UC campuses and the Office of the President had entered into with OPMs. In addition, the Audit Committee directed us to identify which contracts required OPM employees to provide direct instruction to students; determine whether contracts included incentive compensation to OPM providers based on student enrollment; evaluate whether contracts required an OPM to disclose to students its contracted relationship with UC and whether the instructor was a UC employee; determine the roles played by UC, the instructors, and the OPMs under the contract; and determine how the contracts divided revenue between the university and the OPM. As part of that review, we also assessed the length of contract terms and grounds for termination; terms relating to marketing and misrepresentation of the educational programs under the contract; and certain academic provisions under the contract, such as whether the course was credit bearing. Tables A1 through A4 summarize the results of these reviews.

**Table A1**  
Examples of OPM-Provided Services in the Selected Campuses’ Contracts

| CAMPUS      | OPM                                   | PROGRAM  | OPM PROVIDES INSTRUCTION | OPM MARKETS PROGRAM | OPM ENROLLS STUDENTS | OPM COLLECTS TUITION |
|-------------|---------------------------------------|--|--------------------------|---------------------|----------------------|----------------------|
| UC Berkeley | 2U, Inc.                              | Technology boot camps  | Yes                      | Yes                 | Yes                  | Yes                  |
|             | Institute of Career Development, Inc. | Paralegal studies courses for Berkeley Extension certificate program | Yes                      | No                  | No                   | No                   |
|             | Dalton Education                      | Certified financial planning program                                 | Yes                      | Yes                 | Yes                  | Yes                  |
|             | Taylor Engineering                    | HVAC courses for Berkeley Extension certificate program              | Yes                      | Yes                 | No                   | No                   |
|             | 2U, Inc.                              | Master of information and data science program                       | No                       | Yes                 | No                   | No                   |
|             | 2U, Inc.                              | Master of information and cybersecurity program                      | No                       | Yes                 | No                   | No                   |
|             | 2U, Inc. (EdX)                        | Massive open online courses  | No                       | Yes                 | Yes                  | Yes                  |
|             | 2U, Inc. (GetSmarter)                 | Continuing education courses   | No                       | Yes                 | Yes                  | Yes                  |
| UC Davis    | 2U, Inc. (EdX)                        | Massive open online courses  | No                       | Yes                 | Yes                  | Yes                  |
|             | 2U, Inc. (GetSmarter)                 | Continuing education courses   | No                       | Yes                 | Yes                  | Yes                  |
|             | 2U, Inc.                              | Online MBA and MS in management (MSM)                                | No                       | Yes                 | No                   | No                   |
|             | 2U, Inc.                              | Technology boot camps  | Yes                      | Yes                 | Yes                  | Yes                  |

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| CAMPUS                         | OPM                                   | PROGRAM  | OPM PROVIDES INSTRUCTION | OPM MARKETS PROGRAM | OPM ENROLLS STUDENTS | OPM COLLECTS TUITION |
|--------------------------------|---------------------------------------|--|--------------------------|---------------------|----------------------|----------------------|
| UC Davis<br><i>(continued)</i> | Socratic Arts, Inc.                   | Certificate in cybersecurity and youth programs  | Yes                      | Yes                 | No                   | No                   |
|                                | Institute of Career Development, Inc. | Paralegal studies certificate program  | Yes                      | No                  | No                   | No                   |
|                                | All Campus                            | Lean Six Sigma Green Belt certificate program  | No                       | Yes                 | Yes                  | Yes                  |
|                                | Coursera                              | Massive open online courses and spatial data analysis and visualization MasterTrack certificate  | No                       | Yes                 | Yes*                 | Yes                  |
|                                | Blackboard†                           | Self-supporting graduate online degree programs  | No                       | Yes                 | No                   | No                   |
| UCLA                           | 2U, Inc.                              | Technology boot camps  | Yes                      | Yes                 | Yes                  | Yes                  |
|                                | All Campus                            | Master of science in engineering program with certificate of specialization in engineering management or certificate of specialization in data science engineering | No                       | Yes                 | No                   | No                   |
|                                | All Campus                            | Master of healthcare administration program  | No                       | Yes                 | No                   | No                   |
|                                | iDesign                               | Master of healthcare administration program  | No                       | No                  | No                   | No                   |
| UC San Diego                   | 2U, Inc. (EdX)                        | Massive open online courses  | No                       | Yes                 | Yes                  | Yes                  |
|                                | Coursera                              | Massive open online courses  | No                       | Yes                 | Yes                  | Yes                  |
|                                | 2U, Inc.                              | Technology boot camps  | Yes                      | Yes                 | Yes                  | Yes                  |
|                                | Springboard                           | Machine learning engineering boot camp   | Yes                      | Yes                 | Yes                  | Yes                  |
|                                | NIT Institute                         | Automotive safety certificate program  | Yes                      | Yes                 | No                   | Yes                  |
|                                | Open X Education, Inc.                | Additive manufacturing certificate program   | Yes                      | Yes                 | No                   | No                   |
| UC Santa Barbara               | QuickStart Learning, Inc.             | Technology boot camps  | Yes                      | Yes                 | Yes                  | Yes                  |
|                                | ZSchool, LLC                          | Customer experience and leadership programs  | Yes                      | Yes                 | No‡                  | No‡                  |
|                                | Blockchain Academy                    | Blockchain credential programs   | Yes                      | Yes                 | Yes                  | Yes                  |

Source: Selected campuses' OPM contracts, program webpages, and interviews with UC staff.

These contracts either expired as of May 2024, or campuses have terminated their agreements with the respective OPMs.

\* UC Davis entered an addendum for an additional Coursera program, which gave UC Davis the responsibility of enrolling students. This addendum expired in April 2023.

† UC Davis never activated this contract for degree program support but used the OPM's services for extension certificate programs.

‡ Although the contract states that the campus will perform enrollment functions, including tuition collection, Santa Barbara Extension confirmed that in practice the OPM performs these duties.

**Table A2**  
Education Terms in the Selected Campuses' Contracts for OPM Instruction

| CAMPUS      | OPM                                   | PROGRAM  | PROGRAM OFFERS CREDIT | DEGREE PROGRAM |
|-------------|---------------------------------------|--|-----------------------|----------------|
| UC Berkeley | 2U, Inc.                              | Technology boot camps  | No                    | No             |
|             | Institute of Career Development, Inc. | Paralegal studies courses for Berkeley Extension certificate program   | Yes*                  | No             |
|             | Dalton Education                      | Certified financial planning program   | No                    | No             |
|             | Taylor Engineering                    | HVAC courses for Berkeley Extension certificate program  | Yes*                  | No             |
|             | 2U, Inc.                              | Master of information and data science program   | Yes                   | Yes            |
|             | 2U, Inc.                              | Master of information and cybersecurity program  | Yes                   | Yes            |
|             | 2U, Inc. (EdX)                        | Massive open online courses  | No                    | No             |
|             | 2U, Inc. (GetSmarter)                 | Continuing education courses   | No                    | No             |
| UC Davis    | 2U, Inc. (EdX)                        | Massive open online courses  | No                    | No             |
|             | 2U, Inc. (GetSmarter)                 | Continuing education courses   | No                    | No             |
|             | 2U, Inc.                              | Online MBA and MS in management (MSM)  | Yes                   | Yes            |
|             | 2U, Inc.                              | Technology boot camps  | No                    | No             |
|             | Socratic Arts, Inc.                   | Certificate in cybersecurity and youth programs  | No                    | No             |
|             | Institute of Career Development, Inc. | Paralegal studies certificate program  | Yes*                  | No             |
|             | All Campus                            | Lean Six Sigma Green Belt certificate program  | No                    | No             |
|             | Coursera                              | Massive open online courses and spatial data analysis and visualization MasterTrack certificate  | No†                   | No             |
|             | Blackboard                            | Self-supporting graduate online degree programs  | Yes                   | Yes            |
|             | UCLA                                  | 2U, Inc.   | Technology boot camps | No             |
| All Campus  |                                       | Master of science in engineering program with certificate of specialization in engineering management or certificate of specialization in data science engineering | Yes                   | Yes            |
| All Campus  |                                       | Master of healthcare administration program  | Yes                   | Yes            |
| iDesign     |                                       | Master of healthcare administration program  | Yes                   | Yes            |

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| CAMPUS           | OPM                       | PROGRAM                                     | PROGRAM OFFERS CREDIT | DEGREE PROGRAM |
|------------------|---------------------------|---|-----------------------|----------------|
| UC San Diego     | 2U, Inc. (EdX)            | Massive open online courses                 | No                    | No             |
|                  | Coursera                  | Massive open online courses                 | No                    | No             |
|                  | 2U, Inc.                  | Technology boot camps                       | No                    | No             |
|                  | Springboard               | Machine learning engineering boot camp      | No                    | No             |
|                  | NIT Institute             | Automotive safety certificate program       | Yes*                  | No             |
|                  | Open X Education, Inc.    | Additive manufacturing certificate program  | Yes*                  | No             |
| UC Santa Barbara | QuickStart Learning, Inc. | Technology boot camps                       | No                    | No             |
|                  | ZSchool, LLC              | Customer experience and leadership programs | No                    | No             |
|                  | Blockchain Academy        | Blockchain credential programs              | No                    | No             |

Source: Selected campuses' OPM contracts, program and campus webpages, interviews with UC staff, and Office of the President policies.

■ These contracts either expired as of May 2024, or campuses have terminated their agreements with the respective OPMs.

\* These are professional-level courses. The credit earned through these courses may lead to the award of a formal certificate from the campus or be applied toward an academic degree or professional credential, subject to the approval of the receiving institution(s).

† The massive open online courses currently offered through this Coursera agreement do not offer credit. Students who successfully completed the spatial data analysis and visualization MasterTrack certificate received academic credits applicable to the Master of Arts in Geography program. However, the contract addendum for this MasterTrack certificate ended on April 12, 2023.

**Table A3**  
**Financial Terms in the Selected Campuses' Contracts With OPMs**

| CAMPUS                | OPM   | PROGRAM  | PAYMENT STRUCTURE TYPE  | OPM SHARE*             | UNIVERSITY SHARE* | ADDRESSES INCENTIVE COMPENSATION |
|-----------------------|---|--|---|------------------------|-------------------|----------------------------------|
| UC Berkeley           | 2U, Inc.  | Technology boot camps  | Revenue Share   | 80%*                   | 20%*              | No                               |
|                       | Institute of Career Development, Inc.   | Paralegal studies courses for Berkeley Extension certificate program | Revenue Share   | 45%                    | 55%               | No                               |
|                       | Dalton Education  | Certified financial planning program                                 | Revenue Share   | 80%                    | 20%               | No                               |
|                       | Taylor Engineering  | HVAC courses for Berkeley Extension certificate program              | Fee Per Student   | \$250/course enrolment | N/A               | No                               |
|                       | 2U, Inc.  | Master of information and data science program                       | Fee Per Student   | \$39,000/ Fiscal Year  | N/A               | Yes                              |
|                       |   |  | OPM shall compensate applicable employees in accordance with federal regulation prohibiting incentive compensation. |                        |                   |                                  |
|                       | 2U, Inc.  | Master of information and cybersecurity program                      | Fee Per Student   | \$9,333/ Semester      | N/A               | Yes                              |
|                       |   |  | OPM shall compensate applicable employees in accordance with federal regulation prohibiting incentive compensation. |                        |                   |                                  |
| 2U, Inc. (EdX)        | Massive open online courses   | Revenue Share  | 40%   | 60%                    | No                |                                  |
| 2U, Inc. (GetSmarter) | Continuing education courses  | Revenue Share  | 70%   | 30%                    | No                |                                  |
| UC Davis              | 2U, Inc. (EdX)  | Massive open online courses  | Revenue Share   | 50%                    | 50%               | No                               |
|                       | 2U, Inc. (GetSmarter)   | Continuing education courses   | Revenue Share   | 75%                    | 25%               | Yes                              |
|                       |   |  | OPM shall compensate applicable employees in accordance with federal regulation prohibiting incentive compensation. |                        |                   |                                  |
|                       | 2U, Inc.  | Online MBA and MS in management (MSM)                                | Revenue Share   | 65%*                   | 35%*              | Yes                              |
|                       |   |  | OPM shall compensate applicable employees in accordance with federal regulation prohibiting incentive compensation. |                        |                   |                                  |
|                       | 2U, Inc.  | Technology boot camps  | Revenue Share   | 80%                    | 20%               | No                               |
|                       | Socratic Arts, Inc.   | Certificate in cybersecurity and youth programs                      | Revenue Share   | 50%†                   | 50%               | No                               |
|                       | Institute of Career Development, Inc.   | Paralegal studies certificate program                                | Revenue Share   | 30%                    | 70%               | No                               |
|                       | All Campus  | Lean Six Sigma Green Belt certificate program                        | Revenue Share   | 42.5%                  | 57.5%             | No                               |
| Coursera              | Massive open online courses and spatial data analysis and visualization MasterTrack certificate | Revenue Share  | 50%   | 50%                    | No                |                                  |
| Blackboard            | Self-supporting graduate online degree programs   | Fee Per Service or Student   | Variable Fees‡  | N/A                    | No                |                                  |

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| CAMPUS  | OPM   | PROGRAM  | PAYMENT STRUCTURE TYPE  | OPM SHARE* | UNIVERSITY SHARE* | ADDRESSES INCENTIVE COMPENSATION |
|---|---|--|---|------------|-------------------|----------------------------------|
| UCLA  | 2U, Inc.                                    | Technology boot camps  | Revenue Share   | 78%        | 22%               | Yes                              |
|   |   |  | Both parties certify their own compliance with the federal regulation prohibiting incentive compensation. |            |                   |                                  |
|   | All Campus                                  | Master of science in engineering program with certificate of specialization in engineering management or certificate of specialization in data science engineering | Revenue Share   | 27.5%*     | 72.5%*            | Yes                              |
|   |   |  | Contracting parties assert compliance with incentive compensation ban, citing bundled services provision. |            |                   |                                  |
|   | All Campus                                  | Master of healthcare administration program  | Revenue Share   | 33%        | 67%               | Yes                              |
| Contracting parties assert compliance with incentive compensation ban, citing bundled services provision. |   |  |   |            |                   |                                  |
| iDesign   | Master of healthcare administration program | Fee Per Service  | Variable Fees <sup>§</sup>  | N/A        | N/A <sup>#</sup>  |                                  |
| UC San Diego  | 2U, Inc. (EdX)                              | Massive open online courses  | Revenue Share   | 50%        | 50%               | No                               |
|   | Coursera                                    | Massive open online courses  | Revenue Share   | 50%        | 50%               | No                               |
|   | 2U, Inc.                                    | Technology boot camps  | Revenue Share   | 80%        | 20%               | No                               |
|   | Springboard                                 | Machine learning engineering boot camp   | Revenue Share   | 80%*       | 20%*              | No                               |
|   | NIT Institute                               | Automotive safety certificate program  | Revenue Share   | 80%        | 20%               | No                               |
|   | Open X Education, Inc.                      | Additive manufacturing certificate program   | Revenue Share   | 50%        | 50%               | No                               |
| UC Santa Barbara  | QuickStart Learning, Inc.                   | Technology boot camps  | Revenue Share   | 90%        | 10%               | No                               |
|   | ZSchool, LLC                                | Customer experience and leadership programs  | Revenue Share   | 80%        | 20%               | No                               |
|   | Blockchain Academy                          | Blockchain credential programs   | Revenue Share   | 70%        | 30%               | No                               |

Source: Selected campuses' OPM contracts and auditor calculations of OPM revenue.

■ These contracts either expired as of May 2024, or campuses have terminated their agreements with the respective OPMs.

\* Some contracts provide for varying revenue percentages to OPMs. This table presents the highest possible percentage that an OPM may receive. In the University Share column, where we indicate N/A, there is no university share because the campuses pay a fee per service or student to the OPMs and do not receive a share of the revenue.

† This contract includes an additional program that pays the OPM between \$115 to \$1,135 per student.

‡ Variable fees include, for example, \$6,250 for course design and development of a three-unit course; \$200 to \$250 additional surcharge per hour for collaborative development; and \$30,000 for marketing and media, plus a variable management fee based on media spending. The contract also includes a few services that charge by student or by student lead—for instance, \$100 per student for retention coaching using predictive data. The total value of the OPM compensation is not to exceed \$400,000.

§ Variable fees include \$75,000 for program planning and consulting services, \$65,000 per course for instructional design and development services, and \$2,500 per video for video post-production services.

# The prohibition on incentive compensation is not applicable to contracts that pay fees per service because this compensation is not based upon success in securing enrollment or the award of financial aid and, thus, is not considered incentive compensation.

**Table A4**  
Marketing and Disclosure Terms in the Selected Campuses' Contracts with OPMs

| CAMPUS      | OPM                                   | PROGRAM  | AUTHORIZES CAMPUS TO APPROVE MARKETING | REQUIRES DISCLOSURE OF OPM PARTNERSHIP* | REQUIRES DISCLOSURE OF OPM INSTRUCTION <sup>1</sup> |
|-------------|---------------------------------------|--|--|---|---|
| UC Berkeley | 2U, Inc.                              | Technology boot camps  | Yes                                    | No                                      | No  |
|             | Institute of Career Development, Inc. | Paralegal studies courses for Berkeley Extension certificate program   | N/A                                    | No                                      | No  |
|             | Dalton Education                      | Certified financial planning program   | Yes                                    | No                                      | No  |
|             | Taylor Engineering                    | HVAC courses for Berkeley Extension certificate program  | Yes                                    | No                                      | No  |
|             | 2U, Inc.                              | Master of information and data science program   | Yes                                    | No                                      | N/A   |
|             | 2U, Inc.                              | Master of information and cybersecurity program  | Yes                                    | No                                      | N/A   |
|             | 2U, Inc. (EdX)                        | Massive open online courses  | No                                     | N/A                                     | N/A   |
|             | 2U, Inc. (GetSmarter)                 | Continuing education courses   | Yes                                    | Yes                                     | N/A   |
| UC Davis    | 2U, Inc. (EdX)                        | Massive open online courses  | Yes                                    | N/A                                     | N/A   |
|             | 2U, Inc. (GetSmarter)                 | Continuing education courses   | Yes                                    | Yes                                     | N/A   |
|             | 2U, Inc.                              | Online MBA and MS in management (MSM)  | Yes                                    | No                                      | N/A   |
|             | 2U, Inc.                              | Technology boot camps  | Yes                                    | No                                      | No  |
|             | Socratic Arts, Inc.                   | Certificate in cybersecurity and youth programs  | Yes                                    | No                                      | No  |
|             | Institute of Career Development, Inc. | Paralegal studies certificate program  | N/A                                    | No                                      | No  |
|             | All Campus                            | Lean Six Sigma Green Belt certificate program  | Yes                                    | No                                      | N/A   |
|             | Coursera                              | Massive open online courses and spatial data analysis and visualization MasterTrack certificate  | Yes                                    | N/A                                     | N/A   |
|             | Blackboard                            | Self-supporting graduate online degree programs  | Yes                                    | No                                      | N/A   |
| UCLA        | 2U, Inc.                              | Technology boot camps  | Yes                                    | Yes                                     | No  |
|             | All Campus                            | Master of science in engineering program with certificate of specialization in engineering management or certificate of specialization in data science engineering | Yes                                    | No                                      | N/A   |
|             | All Campus                            | Master of healthcare administration program  | Yes                                    | No                                      | N/A   |
|             | iDesign                               | Master of healthcare administration program  | N/A                                    | No                                      | N/A   |

continued on next page ...



| CAMPUS           | OPM                       | PROGRAM                                     | AUTHORIZES CAMPUS TO APPROVE MARKETING | REQUIRES DISCLOSURE OF OPM PARTNERSHIP* | REQUIRES DISCLOSURE OF OPM INSTRUCTION† |
|------------------|---------------------------|---|--|---|---|
| UC San Diego     | 2U, Inc. (EdX)            | Massive open online courses                 | Yes                                    | N/A                                     | N/A                                     |
|                  | Coursera                  | Massive open online courses                 | Yes                                    | N/A                                     | N/A                                     |
|                  | 2U, Inc.                  | Technology boot camps                       | Yes                                    | Yes                                     | No                                      |
|                  | Springboard               | Machine learning engineering boot camp      | Yes                                    | Yes                                     | No                                      |
|                  | NIT Institute             | Automotive safety certificate program       | Yes                                    | No                                      | No                                      |
|                  | Open X Education, Inc.    | Additive manufacturing certificate program  | Yes                                    | No                                      | No                                      |
| UC Santa Barbara | QuickStart Learning, Inc. | Technology boot camps                       | Yes                                    | Yes                                     | No                                      |
|                  | ZSchool, LLC              | Customer experience and leadership programs | Yes                                    | No                                      | No                                      |
|                  | Blockchain Academy        | Blockchain credential programs              | Yes                                    | No                                      | No                                      |

Source: Selected campuses' OPM contracts and interviews with UC staff.

These contracts either expired as of May 2024, or campuses have terminated their agreements with the respective OPMs.

Note: The information presented pertains to the terms of the contracts. However, the contract terms do not necessarily correlate to whether a campus did or did not disclose an OPM partnership or OPM instruction in all cases.

\* N/A applies to massive open online courses, which do not necessitate contract provisions that require disclosure of the OPM partnership because they are hosted on the OPMs' websites.

† N/A indicates that there is no OPM instruction.

## Appendix B

### Tuition Revenue Divided Between Campuses and OPMs in Fiscal Year 2021–22

The Audit Committee directed us to identify how campuses and OPMs divided the funds from contracts that involved OPM instruction. Of the 30 contracts we reviewed, 15 required the OPM to provide instruction. These 15 contracts all related to nondegree programs. Tables A3 and B summarize how campuses and OPMs divided the revenue resulting from the contracts.

During our review, we identified that a portion of the revenue generated from OPM programs came from student financial aid sources, including both private loans and state and federal grants. For example, students collectively spent about \$84,000 in state funding to pay for their enrollments in a Santa Barbara technology boot camp. These students received funding in the form of supplemental job displacement vouchers that the Department of Industrial Relations awarded them. In another example, students in a Berkeley Extension technology boot camp received private loans totaling about \$725,000 to pay for the program.

Overall, we determined that students spent around \$3.2 million in private and public financial aid to help pay for tuition in fiscal year 2021–22 related to the 15 instruction contracts. Of this amount, only about \$260,000 was public funding, which is less than 1 percent of the total revenue the contracts generated for that period. We identified the student financial aid sources through the campus-provided financial reports. However, some students may have paid for OPM programs with funding sources that were not reported by the campuses. Because of this limitation in the data, the amount we identified may not represent the total amount of public or private loans used for student tuition.

Table B presents the total tuition revenue that the programs associated with these contracts generated and the amount of revenue that campuses and OPMs received, respectively, in fiscal year 2021–22.

**Table B****OPMs Often Received the Majority of Tuition Revenue From OPM-Instructed Nondegree Programs in Fiscal Year 2021–22**

| CAMPUS           | OPM                                   | PROGRAM  | TOTAL TUITION REVENUE GENERATED            | REVENUE THE CAMPUS RECEIVED | REVENUE THE OPM RECEIVED | PROGRAM COSTS EXCLUDED FROM REVENUE SHARE* |
|------------------|---------------------------------------|--|--|-----------------------------|--------------------------|--|
| UC Berkeley      | 2U, Inc.                              | Technology boot camps  | \$16,897,000                               | \$3,379,000 (20%)           | \$13,518,000 (80%)       | —  |
|                  | Institute of Career Development, Inc. | Paralegal studies courses for Berkeley Extension certificate program | 625,000                                    | 264,000 (42%)               | 216,000 (35%)            | \$145,000 (23%)                            |
|                  | Dalton Education, LLC                 | Certified financial planning program                                 | 2,307,000                                  | 321,000 (14%)               | 1,284,000 (56%)          | 702,000 (30%)                              |
|                  | Taylor Engineering                    | HVAC courses for Berkeley Extension certificate program              | 104,000                                    | 79,000 (76%)                | 25,000 (24%)             | —  |
| UC Davis         | 2U, Inc.                              | Technology boot camps  | 4,408,000                                  | 882,000 (20%)               | 3,526,000 (80%)          | —  |
|                  | Socratic Arts, Inc.                   | Certificate in cybersecurity and youth programs                      | 43,000                                     | 24,000 (57%)                | 19,000 (43%)             | —  |
|                  | Institute of Career Development, Inc. | Paralegal studies certificate program                                | 465,000                                    | 345,000 (74%)               | 120,000 (26%)            | —  |
| UCLA             | 2U, Inc.                              | Technology boot camps  | 5,217,000                                  | 1,148,000 (22%)             | 4,069,000 (78%)          | —  |
| UC San Diego     | 2U, Inc.                              | Technology boot camps  | 3,926,000                                  | 785,000 (20%)               | 3,141,000 (80%)          | —  |
|                  | Springboard                           | Machine learning engineering boot camp                               | 783,000                                    | 157,000 (20%)               | 626,000 (80%)            | —  |
|                  | NIT Institute                         | Automotive safety certificate program                                | 94,000                                     | 19,000 (20%)                | 75,000 (80%)             | —  |
|                  | Open X Education, Inc.                | Additive manufacturing certificate program                           | 14,000                                     | 8,000 (57%)                 | 6,000 (43%)              | —  |
| UC Santa Barbara | QuickStart Learning, Inc.             | Technology boot camps  | 326,000                                    | 33,000 (10%)                | 293,000 (90%)            | —  |
|                  | ZSchool, LLC                          | Customer experience and leadership programs                          | 713,000                                    | 129,000 (18%)               | 513,000 (72%)            | 71,000 (10%)                               |
|                  | Blockchain Academy                    | Blockchain credential programs                                       | No courses offered in fiscal year 2021–22. |                             |                          |  |

Source: Campus-provided financial reports for the OPM-instruction programs shown.

■ These contracts either expired as of May 2024, or campuses have terminated their agreements with the respective OPMs.

\* Three contracts provided for campuses and OPMs to share revenue after certain costs were deducted from the total revenue generated, and the table details the amounts of the costs to be deducted for fiscal year 2021–22. For the UC Berkeley paralegal studies certificate program contract, the amounts of revenue the campus and the OPM each received were determined after subtracting from the total tuition revenue the costs that Berkeley incurred for marketing and paid the OPM for instruction. For the UC Berkeley certified financial planning program, the revenue share was determined after the OPM deducted delinquent fees. Finally, for the UC Santa Barbara customer experience and leadership programs, the amounts of revenue the campus and the OPM received were determined after subtracting costs incurred by UC Santa Barbara for promotions, equipment expenses, refunds, and credit card processing fees.

## Appendix C

### Student Costs for Programs That Involved OPM Instruction

The Audit Committee directed us to determine how much campuses charged students for courses and programs provided through OPM contracts. Because contracts did not consistently disclose cost information for these programs, with few exceptions we had to identify tuition costs from information that was posted on program websites during our review in the summer and fall of 2023. In addition, we could not identify costs for some programs—for example, we could not identify costs when a campus did not specify tuition amounts in a contract or other documentation and was not offering the program during the time we performed our review. Tuition costs ranged from a low of less than \$400 to a high of nearly \$14,500. OPM programs offering instruction in synchronous (live online) class sessions over a period of several months, similar to one or more traditional academic terms, were generally the most expensive programs.

Table C presents the tuition costs we identified for the five selected campuses. Programs for which we could not identify tuition costs are not presented in the table.

**Table C**  
Tuition Costs for OPM-Instructed Programs

| CAMPUS      | OPM                                   | PROGRAM                                 | 2023<br>TUITION COST |
|-------------|---------------------------------------|---|----------------------|
| UC Berkeley | 2U, Inc.                              | Coding boot camp                        | \$13,495             |
|             |                                       | Data analytics boot camp                | 9,995                |
|             |                                       | UX/UI boot camp                         | 13,995               |
|             |                                       | Cybersecurity boot camp                 | 14,495               |
|             |                                       | Digital marketing boot camp             | 9,995                |
|             |                                       | Fintech boot camp                       | 13,745               |
|             |                                       | Technology project management boot camp | 10,245               |
|             | Institute of Career Development, Inc. | Paralegal studies certificate program   | 7,970                |
|             | Dalton Education                      | Certified financial planning program    | 7,195                |
|             | Taylor Engineering                    | HVAC certificate program                | 5,285                |
| UC Davis    | 2U, Inc.                              | Coding boot camp                        | 11,495               |
|             |                                       | Data analytics boot camp                | 12,495               |
|             |                                       | Cybersecurity boot camp                 | 12,745               |
|             |                                       | UX/UI boot camp                         | 11,995*              |
|             |                                       | Digital marketing boot camp             | 8,495                |
|             | Institute of Career Development, Inc. | Paralegal studies certificate program   | 6,995                |

*continued on next page ...*

| CAMPUS                         | OPM                       | PROGRAM  | 2023<br>TUITION COST |
|--------------------------------|---------------------------|--|----------------------|
| UC Davis<br><i>(continued)</i> | Socratic Arts, Inc.       | Idea workshop  | 545*                 |
|                                |                           | Mystery medical case   | 355*                 |
|                                |                           | Forensic investigation   | 345*                 |
|                                |                           | Internal medicine  | 995*                 |
|                                |                           | Outbreak   | 995*                 |
|                                |                           | Machine learning   | 675*                 |
|                                |                           | Cyber sleuth   | 2,195*               |
| UCLA                           | 2U, Inc.                  | Coding boot camp (full-time)                                       | 12,995               |
|                                |                           | Cybersecurity boot camp (part-time)                                | 13,495               |
|                                |                           | Product management boot camp (part-time)                           | 10,495               |
| UC San Diego                   | 2U, Inc.                  | Coding boot camp (full-time)                                       | 13,495               |
|                                |                           | Data science and visualization boot camp (part-time)               | 13,245               |
|                                |                           | Cybersecurity boot camp  | 13,995               |
|                                |                           | UX/UI boot camp  | 10,995*              |
|                                | Springboard               | Machine learning engineering boot camp                             | 13,950               |
|                                | NIT Institute             | Functional safety engineering for automotive certificate program   | 4,295                |
|                                | Open X Education, Inc.    | Additive manufacturing certificate program                         | 3,970*               |
| UC Santa Barbara               | Quickstart Learning, Inc. | Cybersecurity boot camp (immersive)                                | 7,900                |
|                                |                           | Artificial intelligence and machine learning boot camp (on demand) | 1,900                |
|                                |                           | Cloud engineering boot camp (immersive)                            | 7,900                |
|                                |                           | Data science boot camp (immersive)                                 | 7,900                |
|                                |                           | Software engineering boot camp                                     | 7,900                |
|                                | ZSchool, LLC              | Engineering leadership program                                     | 4,995                |
|                                |                           | Women in leadership program  | 4,995                |
|                                |                           | Customer experience program  | 4,995                |
|                                |                           | Cybersecurity program  | 4,995                |
|                                | Blockchain Academy        | Certified Blockchain entrepreneur program                          | 1,495                |

Source: Program websites, contracts, and financial data.

\* Cost is from the program contract or financial data and is the fiscal year 2021–22 cost or contract cost rather than the summer or fall 2023 cost.

## Appendix D

### Results of Our Survey of UC Students in OPM-Instructed Extension Unit Courses

The Audit Committee directed us to conduct a survey of students who received instruction from OPM-paid instructors to determine the following: students' demographic information, whether students felt that marketing and recruiting efforts were transparent and appropriate, how students paid for the relevant tuition, whether students were satisfied with the instruction provided, whether students felt the course was worthwhile and assisted them in their careers, and whether students believed their instruction came from the university. Of the 3,320 UC students who enrolled in an OPM-instructed course at one of the selected campuses in 2022, 338 responded to our survey. Table D1 summarizes the number of students we surveyed and the number of students who responded from each of the selected campuses. Slightly more than 10 percent of students to whom we sent the survey provided responses. We cannot draw broad conclusions from the results because of the relatively low response rate. Moreover, there exists the possibility that a larger portion of the responses were from students who were displeased with their experiences, and the survey received a mixture of positive and negative responses. Notwithstanding these limitations, the responses of those students who did participate suggest that there is room for improvement.

**Table D1**  
Number of Survey Responses From Each Selected Campus

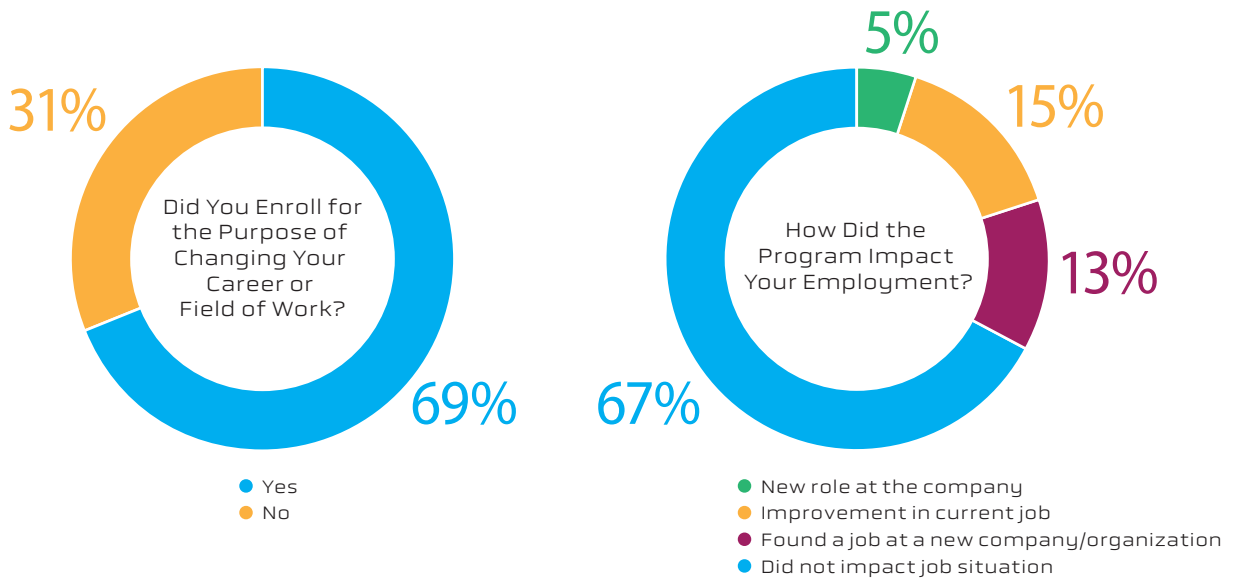
| CAMPUS           | STUDENTS SURVEYED | STUDENT RESPONSES | RESPONSE RATE |
|------------------|-------------------|-------------------|---------------|
| UC Berkeley      | 1,670             | 194               | 11.6%         |
| UC Davis         | 333               | 38                | 11.4          |
| UCLA             | 497               | 38                | 7.6           |
| UC San Diego     | 442               | 33                | 7.5           |
| UC Santa Barbara | 378               | 35                | 9.3           |
| <b>Total</b>     | <b>3,320</b>      | <b>338*</b>       | <b>10.2%</b>  |

Source: Responses to California State Auditor survey.

\* Not all individuals who responded to the survey answered every question.

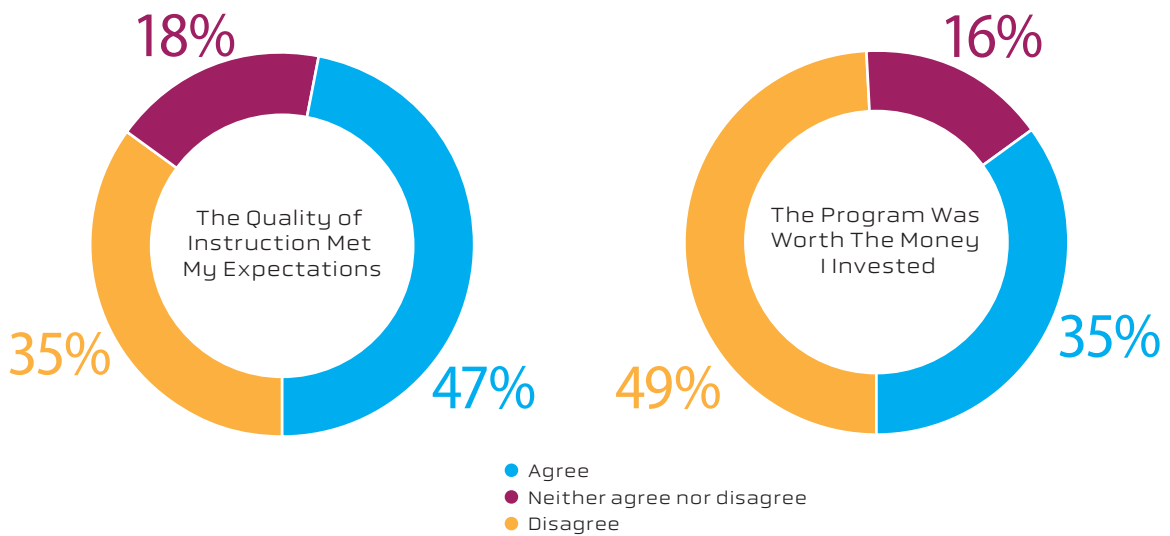
The majority of survey respondents indicated that they enrolled in a program to change their employment situation, yet only 33 percent believed that the course they enrolled in had an impact on their job situation, as Figure D1 shows. Although nearly half of the respondents felt that the quality of instruction met their expectations for their UC campus, many felt that the program was not worth the money they invested, as Figure D2 illustrates.

Figure D1



Source: Responses to California State Auditor survey.

Figure D2

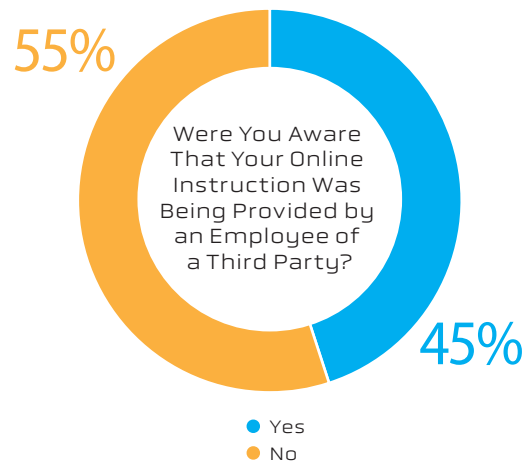


Source: Responses to California State Auditor survey.



Survey responses suggest that campuses should do more to improve transparency. For example, the majority of students who responded to the survey were not aware that the instruction for their program was provided by an employee of a third party and not by university faculty, as Figure D3 shows. Table D2, which describes each survey question we asked, presents results for a number of different questions that indicate many students felt that one or more aspects of the program they participated in was misrepresented to them. Finally, Table D3 summarizes the results of the optional demographic questions we asked.

**Figure D3**



Source: Responses to California State Auditor survey.

**Table D2****Survey Responses of Students Enrolled in OPM-Instructed Extension Unit Courses in 2022****QUESTION 1**

| <i>Why did you choose to enroll in the program/course? Select all that apply.</i>   | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| To obtain a certification or other credential preparing you for gainful employment or enhancing competitiveness in a particular field | 232   | 142         | 26       | 30   | 20           | 14               |
| Skill development   | 215   | 119         | 23       | 27   | 24           | 22               |
| Interested in career/field change   | 197   | 117         | 23       | 28   | 21           | 7                |
| Personal enrichment   | 132   | 70          | 14       | 15   | 12           | 21               |
| Job market demands  | 104   | 61          | 7        | 18   | 11           | 7                |
| Expedited program/shorter program length  | 82    | 49          | 8        | 11   | 7            | 7                |
| To earn credit toward another degree or program's curriculum requirements   | 20    | 14          | 2        | 1    | 2            | 1                |
| Other   | 25    | 8           | 5        | 5    | 1            | 6                |

**QUESTION 2**

| <i>Why did you choose to enroll at [UC Campus] instead of another educational institution or provider? Select all that apply.</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| Reputation/quality of [UC Campus]   | 247   | 155         | 27       | 32   | 23           | 10               |
| Value of a certificate from this institution on your resume   | 151   | 99          | 18       | 19   | 10           | 5                |
| Availability of programs/courses in your field/area of interest   | 135   | 79          | 14       | 17   | 14           | 11               |
| Availability of career support services and resources   | 58    | 33          | 6        | 6    | 11           | 2                |
| Cost/affordability  | 52    | 26          | 5        | 7    | 4            | 10               |
| Recommendation from others  | 45    | 26          | 5        | 4    | 3            | 7                |
| Recruited by [UC Campus]  | 32    | 9           | 3        | 4    | 2            | 14               |
| Program instructors   | 14    | 6           | 0        | 3    | 1            | 4                |
| Other   | 33    | 16          | 5        | 4    | 3            | 5                |

**QUESTION 3**

| <i>How did you pay for the costs of your program or course? Select all that apply.</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| Wages/earnings or cash from savings/family   | 201   | 116         | 20       | 23   | 23           | 19               |
| Private loan(s)  | 67    | 41          | 7        | 13   | 5            | 1                |
| Private scholarship/grant  | 12    | 8           | 1        | 0    | 1            | 2                |
| Federal/public loan(s)   | 7     | 4           | 2        | 1    | 0            | 0                |
| Federal/state/public grant(s)  | 7     | 1           | 4        | 0    | 1            | 1                |
| University scholarship/grant   | 1     | 1           | 0        | 0    | 0            | 0                |
| Other  | 54    | 31          | 3        | 4    | 4            | 12               |
| Decline to state   | 7     | 3           | 2        | 0    | 0            | 2                |

**QUESTION 4**

*Were you aware that online instruction for your course/program was being provided by an employee of a third-party entity and NOT by university faculty?*

|     | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|-----|-------|-------------|----------|------|--------------|------------------|
| No  | 183   | 104         | 21       | 16   | 17           | 25               |
| Yes | 150   | 89          | 15       | 21   | 15           | 10               |

*If the respondent selected Yes, they were not asked Question 4A.*

**QUESTION 4A**

*Would knowing that online instruction was being provided by a third party and NOT by university faculty have affected your decision to enroll or remain enrolled in the course/program?*

|  | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| Yes, I would NOT have chosen to enroll or remain enrolled in the course/program if I had known that online instruction was being provided by a third party and NOT by university faculty.  | 122   | 69          | 15       | 13   | 11           | 14               |
| No, I would have still chosen to enroll or remain enrolled in the course/program if I had known that online instruction was being provided by a third party and NOT by university faculty. | 62*   | 35          | 6        | 4    | 6            | 11               |

\* One respondent who answered “Yes” to Question 4 was somehow able to answer Question 4A, even though the question should not have been visible to this respondent.

**QUESTION 5**

*Do you believe that information for the program/course misrepresented any of the following? Select all that apply.*

|   | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| Employability of program graduates  | 136   | 79          | 15       | 20   | 18           | 4                |
| The program’s/course’s instructors as university instructors                      | 101   | 58          | 10       | 13   | 11           | 9                |
| Learning outcomes for the program/course  | 90    | 46          | 11       | 13   | 12           | 8                |
| Income-related outcomes for the program   | 76    | 47          | 8        | 11   | 7            | 3                |
| The costs of the program/course   | 32    | 18          | 4        | 6    | 3            | 1                |
| Other   | 36    | 18          | 5        | 5    | 5            | 3                |
| I do NOT believe that information for the program misrepresented any of the above | 123   | 79          | 13       | 6    | 7            | 18               |

**QUESTION 6**

*Overall, do you feel that any of the following marketing efforts for your program were misleading in their use of university logos, branding, or other aspects? Please select all that apply.*

|   | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| No, I feel that the marketing efforts for my program were transparent | 189   | 122         | 16       | 12   | 15           | 24               |
| Yes, advertisements   | 98    | 54          | 14       | 18   | 10           | 2                |
| Yes, website content  | 91    | 52          | 9        | 14   | 10           | 6                |
| Yes, other  | 32    | 8           | 8        | 8    | 5            | 3                |

*continued on next page ...*

**QUESTION 7**

**Overall, do you feel that any of the following marketing efforts for your program were not appropriate in their use of university logos, branding, or other aspects? Please select all that apply.**

|   | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| No, I feel that the marketing efforts for my program were appropriate | 205   | 126         | 20       | 17   | 16           | 26               |
| Yes, advertisements   | 96    | 55          | 13       | 15   | 9            | 4                |
| Yes, website content  | 77    | 40          | 10       | 13   | 9            | 5                |
| Yes, other  | 13    | 5           | 2        | 2    | 2            | 2                |

**QUESTION 8**

**If you were recruited for your program, please indicate how the employee contacted you to encourage your enrollment. Select all that apply.**

|   | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| I was not recruited for my program                          | 180   | 113         | 21       | 20   | 16           | 10               |
| Email   | 78    | 44          | 8        | 9    | 4            | 13               |
| Phone call/voicemail  | 75    | 44          | 7        | 8    | 9            | 7                |
| Do not recall/remember                                      | 23    | 12          | 1        | 2    | 4            | 4                |
| Social media (Facebook, Twitter, LinkedIn, Instagram, etc.) | 18    | 6           | 4        | 2    | 3            | 3                |
| Text message  | 10    | 3           | 2        | 1    | 2            | 2                |
| Direct U.S. mail  | 4     | 1           | 2        | 0    | 1            | 0                |
| Other   | 14    | 6           | 3        | 2    | 0            | 3                |
| Decline to state  | 16    | 9           | 1        | 2    | 1            | 3                |

*If the respondent indicated that they were not recruited for the program or declined to state, they were not asked Questions 8A and 8B.*

**QUESTION 8A**

**Overall, do you feel that recruiting efforts for your program were not transparent about any of the following items? Select all that apply.**

|  | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| No, I feel that recruiting efforts for my program were transparent                             | 55    | 31          | 6        | 6    | 3            | 9                |
| Yes, the recruiter's description of the relationship between their employer and the university | 36    | 19          | 2        | 4    | 5            | 6                |
| Yes, the recruiter's information about program instructors                                     | 35    | 16          | 3        | 5    | 6            | 5                |
| Yes, the recruiter's information about program outcomes  | 34    | 19          | 2        | 5    | 4            | 4                |
| Yes, the recruiter's identification of their employer  | 27    | 13          | 3        | 3    | 4            | 4                |
| Yes, university logos and branding in emails the recruiter used                                | 27    | 14          | 3        | 3    | 3            | 4                |
| Yes, the recruiter's information about program refunds   | 10    | 6           | 0        | 2    | 1            | 1                |
| Yes, the recruiter's information about program costs   | 8     | 5           | 0        | 2    | 1            | 0                |
| Yes, the email account the recruiter used  | 8     | 3           | 1        | 1    | 2            | 1                |
| Yes, the area code in the phone number the recruiter used                                      | 6     | 3           | 0        | 1    | 1            | 1                |
| Other  | 6     | 3           | 2        | 1    | 0            | 0                |

**QUESTION 8B**

**Overall, do you feel that the recruiter's communication with you was not appropriate? Please select all that apply.**

|   | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| No, I feel that the recruiter's communication was appropriate | 97    | 57          | 7        | 9    | 9            | 15               |
| Yes, demeanor of employee                                     | 10    | 3           | 3        | 0    | 0            | 4                |
| Yes, method of contact  | 9     | 2           | 0        | 2    | 2            | 3                |
| Yes, frequency of contact                                     | 8     | 3           | 1        | 0    | 1            | 3                |
| Yes, other  | 8     | 2           | 3        | 3    | 0            | 0                |

**QUESTION 9**

**Did you enroll in the program for the purpose of changing your career or field of work?**

|     | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|-----|-------|-------------|----------|------|--------------|------------------|
| Yes | 224   | 132         | 28       | 32   | 25           | 7                |
| No  | 100   | 58          | 7        | 3    | 6            | 26               |

**QUESTION 10**

**How did the program or instruction received impact your employment situation?**

|  | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| The program or instruction received did not impact my job situation at all.                                      | 216   | 123         | 26       | 26   | 24           | 17               |
| The program or instruction received helped me improve in the job I already had at the same company/organization. | 48    | 28          | 2        | 1    | 3            | 14               |
| The program or instruction received helped me find a job at a new company/organization.                          | 43    | 27          | 4        | 8    | 3            | 1                |
| The program or instruction received helped me move to a new role at the same company/organization.               | 15    | 10          | 3        | 0    | 1            | 1                |

**QUESTION 11**

*If at the beginning of the survey respondents selected that they enrolled in a technology boot camp, they were shown this question. If they selected any other program, they were not shown this question.*

**If you enrolled in a technology boot camp, did you move from a non-STEM (science, technology, engineering, math) role to a STEM role after completing the program?**

|  | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| No, I remained in a non-STEM role after completing the program.  | 137   | 78          | 22       | 17   | 13           | 7                |
| No, I was already in a STEM role before completing the program and remained in one after completing the program. | 74    | 40          | 4        | 14   | 16           | 0                |
| Yes, I moved from a non-STEM role to a STEM role after completing the program.                                   | 24    | 13          | 6        | 4    | 1            | 0                |
| No, I moved from a STEM role to a non-STEM role after completing the program.                                    | 3     | 1           | 1        | 0    | 1            | 0                |

*continued on next page ...*

**QUESTION 12**

*Did you move from a career role in a field unrelated to the subject of your program into a career role in a field related to the subject after completing the program?*

|   | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| No, I remained in a career role in a field unrelated to the subject of the program after completing the program.  | 152   | 85          | 22       | 17   | 16           | 12               |
| No, I was already in a career role in a field related to the subject of the program before completing the program and remained in one after completing the program.   | 103   | 63          | 6        | 8    | 7            | 19               |
| Yes, I moved from a career role in a field unrelated to the subject of the program into a career role in a field related to the subject after completing the program. | 54    | 34          | 4        | 9    | 6            | 1                |
| No, I moved from a career role in a field related to the subject of the program to a career role in a field unrelated to the subject after completing the program.    | 12    | 5           | 3        | 1    | 2            | 1                |

**QUESTION 13**

*I was satisfied with the instruction provided for my course/program.*

|                            | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|----------------------------|-------|-------------|----------|------|--------------|------------------|
| Strongly agree             | 70    | 47          | 6        | 5    | 2            | 10               |
| Agree                      | 102   | 63          | 12       | 9    | 10           | 8                |
| Neither agree nor disagree | 45    | 23          | 4        | 5    | 7            | 6                |
| Disagree                   | 57    | 30          | 8        | 11   | 6            | 2                |
| Strongly disagree          | 47    | 24          | 5        | 5    | 6            | 7                |

**QUESTION 14**

*The quality of the instruction met my expectations for [UC Campus].*

|                            | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|----------------------------|-------|-------------|----------|------|--------------|------------------|
| Strongly agree             | 63    | 41          | 6        | 7    | 2            | 7                |
| Agree                      | 88    | 51          | 7        | 11   | 8            | 11               |
| Neither agree nor disagree | 59    | 38          | 6        | 2    | 8            | 5                |
| Disagree                   | 45    | 24          | 11       | 6    | 2            | 2                |
| Strongly disagree          | 66    | 33          | 5        | 9    | 11           | 8                |

**QUESTION 15**

*I was satisfied with the coaching, career support services, and other services provided through the program.*

|                            | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|----------------------------|-------|-------------|----------|------|--------------|------------------|
| Strongly agree             | 61    | 36          | 7        | 6    | 2            | 10               |
| Agree                      | 63    | 39          | 7        | 8    | 4            | 5                |
| Neither agree nor disagree | 86    | 46          | 11       | 8    | 12           | 9                |
| Disagree                   | 39    | 27          | 2        | 4    | 5            | 1                |
| Strongly disagree          | 72    | 39          | 8        | 9    | 8            | 8                |

**QUESTION 16**

| <i>The program was worth the money I invested.</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| Strongly agree                                     | 56    | 36          | 7        | 4    | 0            | 9                |
| Agree  | 58    | 38          | 5        | 6    | 3            | 6                |
| Neither agree nor disagree                         | 50    | 27          | 5        | 5    | 8            | 5                |
| Disagree   | 47    | 34          | 1        | 4    | 5            | 3                |
| Strongly disagree                                  | 110   | 52          | 17       | 16   | 15           | 10               |

**QUESTION 17**

| <i>The program was worth the time I invested.</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| Strongly agree                                    | 69    | 46          | 7        | 6    | 0            | 10               |
| Agree   | 94    | 58          | 9        | 8    | 13           | 6                |
| Neither agree nor disagree                        | 48    | 22          | 7        | 6    | 6            | 7                |
| Disagree  | 32    | 22          | 3        | 5    | 1            | 1                |
| Strongly disagree                                 | 78    | 39          | 9        | 10   | 11           | 9                |

**QUESTION 18**

| <i>The program had a positive impact on my career and/or skills.</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| Strongly agree   | 68    | 46          | 5        | 8    | 0            | 9                |
| Agree  | 75    | 44          | 8        | 7    | 9            | 7                |
| Neither agree nor disagree   | 73    | 45          | 9        | 6    | 8            | 5                |
| Disagree   | 38    | 19          | 8        | 6    | 3            | 2                |
| Strongly disagree  | 67    | 33          | 5        | 8    | 11           | 10               |

Source: Responses to California State Auditor survey.



**Table D3**  
Self-Reported Demographic Information

**QUESTION 19**

*What is the highest level of education you have completed or the highest degree you have received?*

|                                  | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|----------------------------------|-------|-------------|----------|------|--------------|------------------|
| Less than high school degree     | 2     | 0           | 0        | 1    | 0            | 1                |
| High school degree or equivalent | 8     | 5           | 2        | 0    | 0            | 1                |
| Some college but no degree       | 60    | 38          | 9        | 8    | 3            | 2                |
| Associate degree                 | 22    | 9           | 5        | 4    | 3            | 1                |
| Bachelor's degree                | 144   | 96          | 14       | 13   | 10           | 11               |
| Graduate degree                  | 83    | 38          | 5        | 9    | 14           | 17               |
| Decline to state                 | 2     | 1           | 0        | 0    | 1            | 0                |

**QUESTION 20**

*Which of the following categories best describes your employment status?*

|   | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| Employed, working 1–39 hours per week       | 61    | 35          | 7        | 3    | 7            | 9                |
| Employed, working 40 or more hours per week | 175   | 104         | 18       | 21   | 13           | 19               |
| Not employed, looking for work              | 63    | 38          | 9        | 6    | 10           | 0                |
| Not employed, NOT looking for work          | 9     | 7           | 1        | 1    | 0            | 0                |
| Retired                                     | 2     | 1           | 0        | 1    | 0            | 0                |
| Disabled, not able to work                  | 4     | 1           | 0        | 0    | 1            | 2                |
| Decline to state                            | 6     | 1           | 0        | 2    | 0            | 3                |

**QUESTION 21**

*What was your annual individual income in the year prior to enrolling in the program?*

|                     | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---------------------|-------|-------------|----------|------|--------------|------------------|
| Under \$29,000      | 53    | 30          | 9        | 7    | 5            | 2                |
| \$29,000–\$57,999   | 77    | 43          | 10       | 13   | 8            | 3                |
| \$58,000–\$86,999   | 60    | 39          | 7        | 3    | 8            | 3                |
| \$87,000–\$115,999  | 36    | 22          | 3        | 3    | 3            | 5                |
| \$116,000–\$144,999 | 21    | 12          | 2        | 1    | 1            | 5                |
| \$145,000–\$173,999 | 14    | 9           | 1        | 1    | 1            | 2                |
| \$174,000 or over   | 21    | 13          | 0        | 0    | 1            | 7                |
| Decline to state    | 38    | 19          | 3        | 6    | 4            | 6                |

**QUESTION 22**

| <i>Did your annual individual income increase after completing the program?</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| Yes, my income increased after completing the program                           | 50    | 32          | 9        | 6    | 1            | 2                |
| No, my income did not increase after completing the program                     | 231   | 130         | 26       | 22   | 27           | 26               |
| Decline to state  | 37    | 25          | 0        | 5    | 3            | 4                |

**QUESTION 23**

| <i>How much did your annual individual income increase after completing the program?</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| \$1–\$9,999  | 14    | 6           | 4        | 2    | 1            | 1                |
| \$10,000–\$19,999  | 15    | 8           | 4        | 2    | 0            | 1                |
| \$20,000 or more   | 15    | 12          | 1        | 2    | 0            | 0                |
| Decline to state   | 8     | 6           | 0        | 0    | 0            | 2                |

**QUESTION 24**

| <i>Which category below includes your age?</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|--|-------|-------------|----------|------|--------------|------------------|
| 24 or under                                    | 23    | 17          | 2        | 2    | 2            | 0                |
| 25–34  | 122   | 81          | 12       | 15   | 8            | 6                |
| 35–44  | 90    | 50          | 11       | 9    | 10           | 10               |
| 45–54  | 41    | 20          | 5        | 2    | 5            | 9                |
| 55–64  | 31    | 13          | 5        | 3    | 3            | 7                |
| 65+  | 7     | 3           | 0        | 1    | 2            | 1                |
| Decline to state                               | 5     | 3           | 0        | 1    | 1            | 0                |

**QUESTION 25**

| <i>What is your race/ethnicity?</i>       | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| American Indian or Alaska Native          | 1     | 1           | 0        | 0    | 0            | 0                |
| Asian or Asian American                   | 59    | 42          | 6        | 3    | 5            | 3                |
| Black or African American                 | 24    | 13          | 5        | 3    | 1            | 2                |
| Hispanic or Latino                        | 52    | 24          | 5        | 9    | 5            | 9                |
| Native Hawaiian or other Pacific Islander | 4     | 4           | 0        | 0    | 0            | 0                |
| White                                     | 140   | 85          | 12       | 12   | 14           | 17               |
| Other                                     | 12    | 5           | 1        | 3    | 2            | 1                |
| Decline to state                          | 25    | 12          | 5        | 3    | 4            | 1                |

continued on next page ...

**QUESTION 26**

| <i>What is your gender?</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|-----------------------------|-------|-------------|----------|------|--------------|------------------|
| Female                      | 150   | 88          | 19       | 8    | 13           | 22               |
| Male                        | 144   | 87          | 13       | 21   | 14           | 9                |
| Non-binary                  | 3     | 3           | 0        | 0    | 0            | 0                |
| Other                       | 2     | 0           | 1        | 1    | 0            | 0                |
| Decline to state            | 17    | 7           | 2        | 3    | 4            | 1                |

**QUESTION 27**

| <i>Which category best describes where you lived when you were enrolled in the program?</i> | TOTAL | UC BERKELEY | UC DAVIS | UCLA | UC SAN DIEGO | UC SANTA BARBARA |
|---|-------|-------------|----------|------|--------------|------------------|
| In California within a one-hour drive from campus   | 146   | 72          | 27       | 20   | 21           | 6                |
| In California between a one and two-hour drive from campus                                  | 47    | 27          | 6        | 6    | 2            | 6                |
| In California more than a two-hour drive from campus  | 55    | 38          | 2        | 2    | 2            | 11               |
| Outside California in another U.S. state  | 51    | 43          | 0        | 2    | 2            | 4                |
| Outside the U.S. in another country   | 7     | 2           | 0        | 0    | 2            | 3                |
| Decline to state  | 12    | 4           | 0        | 3    | 2            | 3                |

Source: Responses to California State Auditor survey.

# Appendix E

## Scope and Methodology

The Audit Committee directed us to conduct an audit of UC’s use of OPMs to determine the extent of these partnerships, the level of transparency provided to prospective students, the oversight provided, the level of student satisfaction with the associated courses or programs, the outcomes that students achieved, and the programs’ compliance with federal and state laws. Table E lists the objectives that the Audit Committee approved and the methods we used to address them. Unless otherwise stated in the table or elsewhere in the report, statements and conclusions about items selected for review should not be projected to the population.

**Table E**  
**Audit Objectives and the Methods Used to Address Them**

| AUDIT OBJECTIVE  | METHOD   |
|--|--|
| <p>1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.</p>   | <p>Reviewed and evaluated the laws, rules, regulations, and academic policies significant to UC’s use of OPMs.</p>   |
| <p>2 To the extent possible, identify, obtain, and publicly produce, to the extent allowed by law, all OPM agreements that were in effect as of January 1, 2023, between all OPM providers and a selection of five UC campuses and the Office of the President. Based on reviewing these contracts, perform the following:</p> <p>a. Identify how many contracts (per campus) required OPM employees to provide direct instruction to students instead of instruction provided by university employees.</p> <p>b. Evaluate trends or variations among the contracts in terms of payment or revenue sharing between the campuses and the OPM providers.</p> <p>c. Determine how often the contracts included incentive compensation to OPM providers based on student enrollment.</p> <p>d. Evaluate whether the contracts require the OPM vendor to disclose its contracted relationship with the university to students, and disclose whether or not the instructor is a university employee.</p> | <ul style="list-style-type: none"> <li>• For the Office of the President and all campuses, obtained all agreements in effect as of January 1, 2023, between an OPM and the Office of the President or an individual campus.</li> <li>• Determined whether any contracts or portions of contracts are not subject to public disclosure.</li> </ul> <p>The contracts and portions of contracts that may be publicly disclosed are available upon request from our office.</p> <ul style="list-style-type: none"> <li>• For the contracts obtained from five selected campuses (Berkeley, Davis, Los Angeles, San Diego, and Santa Barbara), identified the number of contracts per campus that require the OPM to provide instruction for the courses. For each contract, determined whether the courses and programs provided offer credit or apply toward academic degrees, the length of contract terms, the provisions for contract renewal and termination, and the terms for payment or revenue sharing between the campuses and the OPMs.</li> <li>• For the contracts obtained from campuses not selected, assessed for anomalies that warranted further review, such as financial terms that varied significantly from the trends we saw in our review of the selected campuses’ contracts. We did not identify any such anomalies.</li> </ul> <p>Evaluated trends or variations among the contracts in terms of the services to be provided and the payment or revenue sharing between the campuses and the OPMs. We did not identify significant variations among the contracts.</p> <p>Determined the number of contracts containing payment terms that include incentive compensation to OPMs, whether the incentive compensation is based on student enrollment, and whether the incentive compensation aligns with federal regulations and guidance.</p> <p>Reviewed OPM contract provisions to determine whether they required the OPM to disclose to students its partnership with the campus and whether the instructor is a campus employee or an OPM employee.</p> |

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| AUDIT OBJECTIVE   | METHOD   |
|---|--|
| <p>e. To the extent possible based on each contract, compare the actual cost of OPM-provided classes to the amount of tuition university campuses charged for enrolling in those online classes.</p>  | <p>For OPM-instructed courses and programs not related to degrees, obtained and assessed the reliability of available financial information for fiscal year 2021–22, which was the most recent year available at the time we began our analysis. Compared the amount of revenue OPMs received plus any campus-incurred costs (costs to the campus) to the amount of tuition that campuses charged to students enrolling in those courses and programs. Identified programs with revenue from private loans and the portion of those programs’ fiscal year 2021–22 revenue that came from private loans.</p> <p>We did not identify any OPM-instructed courses or programs related to degrees.</p>  |
| <p>3 At selected campuses, review those campuses’ administration of OPM agreements by performing the following:</p> <p>a. Review campus policies and guidance from the Office of the President when establishing and overseeing contracts with OPMs.</p> <p>b. Review each campus’s process for entering into contracts and deciding the services OPMs will provide. Identify all factors considered by the campus when entering into contracts.</p> <p>c. For any contracts under which instruction was provided by non-university faculty or faculty selected or paid by the OPMs, and to the extent possible, determine the following:</p> <p>i. The roles played by the university, the instructors, and the OPM under the contract.</p> <p>ii. How funds were divided between the university and the OPM, how much was actually received by the university and by the OPM, and how much was connected to degree and nondegree programs.</p> <p>iii. The extent to which the university financially benefitted from the contract.</p> | <p>Obtained campus policies and guidance for establishing and overseeing contracts with OPMs and determined whether the policies and guidance are consistent with the WASC Senior College and University Commission’s policy for accredited institutions’ agreements with unaccredited entities. Only UC Berkeley had a campus-specific policy for contracting with OPMs. This policy aligned with some but not all criteria in the Senior College and University Commission’s policy for agreements with unaccredited entities. For example, the UC Berkeley policy does not require the campus’s OPM contracts to clearly define the responsibilities of each party but does include a provision to ensure the appropriate use of campus branding.</p> <ul style="list-style-type: none"> <li>• Interviewed academic personnel at the selected campuses to identify the intended benefits for students and the campus of using OPMs—including the potential costs avoided by outsourcing the development of new courses, software, staffing, or programs.</li> <li>• Obtained the procedures that the selected campuses use to establish OPM contracts and to determine the types of services OPMs will provide, compared them to best practices for obtaining services from unaccredited entities, and assessed whether they align with the purposes of using OPMs to benefit students and campuses as described by the personnel we interviewed.</li> <li>• Reviewed the procedures and identified the factors each campus considers when entering into contracts, including whether the campus requires a competitive bidding process, and compared them to key contracting best practices.</li> </ul> <p>For each contract that includes OPM-provided instruction, determined the key responsibilities that the campus, the instructors, and the OPM were required to fulfill, including whether OPMs were given decision-making roles related to admissions decisions or enrollment levels and whether there was an assumption of campus approval of OPM marketing materials without campus feedback.</p> <p>For each contract including OPM-provided instruction—all of which pertained to nondegree programs—determined how the contract stipulated that funds would be divided between the campus and the OPM and, using the financial data obtained under Objective 2, determined how much the campus and the OPM actually received in fiscal year 2021–22.</p> <p>For all OPM-instruction contracts, used the revenue information obtained as well as any financial benefit analyses available to determine the extent to which the selected campuses financially benefitted from each contract in fiscal year 2021–22. To the extent possible, subtracted the costs the campuses incurred (including the OPM’s share) from the total revenues collected for services provided pursuant to the contract.</p> |

| AUDIT OBJECTIVE   | METHOD  |
|---|---|
| <p>iv. The extent to which students benefit from OPMs.</p>  | <p>Determined the extent to which each selected campus achieved the intended benefits to students of OPM contracts by interviewing campus staff to document the proposed or intended benefits and drawbacks. Also reviewed data and responses collected under Objective 5 to evaluate trends in relevant outcomes of students' experiences with OPMs at the selected campuses, such as satisfaction and job outcomes.</p>   |
| <p>4 Determine whether the selected campuses and OPMs provide sufficient transparency to students and whether advertisements and recruiting efforts, including the use of university logos, branding, email accounts, and local area codes are potentially deceptive.</p>   | <ul style="list-style-type: none"> <li>• Determined whether each OPM contract includes provisions to prohibit misrepresentation in marketing materials, to make OPM marketing materials subject to review by campus personnel, and to ensure disclosure of the OPM's involvement in marketing materials.</li> <li>• Selected three to five courses or programs at each selected campus (varying as necessary to test a total of 20 courses or programs), including a mixture of degree and nondegree programs and courses that were instructed by UC employees or OPM employees.</li> <li>• For this selection of 20 programs, reviewed the campus webpages describing the courses or programs to prospective students and determined whether they violated key provisions of federal regulations that prohibit misrepresentation. We also determined whether they disclosed all of the following:             <ul style="list-style-type: none"> <li>- That the campus partners with the OPM.</li> <li>- The roles of the campus and the OPM, including which entity provides instruction.</li> <li>- The cost of the program and the deadline for students to drop the program and receive a full refund.</li> <li>- The program ranking and outcomes, such as the percentages of enrolled students who obtained a program certificate, graduates who got a job in a program-related field, or graduates who reported that their annual income increased.</li> </ul> </li> <li>• For the selection of courses and programs reviewed as referenced above, obtained from campuses the current marketing and recruiting materials, determined whether they documented approvals of this content, and assessed whether they identified any concerns with misrepresentation. Using these materials, reviewed campuses' general level of oversight of and input into OPMs' marketing and recruiting activities.</li> <li>• For the selection of courses and programs reviewed, requested information as a prospective student from program recruiters or through campus websites. Determined through auditor observation whether the responses disclosed the role of the OPM and provided accurate information to questions about the OPM's role, program rankings, cost, instructors, and outcomes.</li> </ul> <p>Note: See discussion of Berkeley Executive Education on page 63.</p> |
| <p>5 Conduct a survey of students who received instruction from OPM-paid instructors to determine whether the students felt that marketing and recruiting efforts were transparent and appropriate; how they paid for the relevant tuition; whether they were satisfied with the instruction provided; their demographic information; whether the course was worthwhile and assisted them in their careers; and whether they believed their instruction came from the university.</p> | <ul style="list-style-type: none"> <li>• Obtained and assessed the reliability of enrollment data from July 1, 2020, through March 31, 2023, for courses and programs that the selected campuses offered pursuant to OPM-instruction contracts.</li> <li>• Using this data, identified the number of students who enrolled in an OPM-instructed course during 2022.</li> <li>• Conducted an online survey of these students to obtain information on student demographics, how they paid for course and program costs, their perspective on the transparency and appropriateness of marketing and recruiting, their satisfaction with the instruction provided, the value of the instruction and its impact on their careers, and whether they were aware that an OPM provided the instruction.</li> <li>• Examined the results in total and by campus.</li> <li>• For boot camps that campuses provided in partnership with the OPM 2U, Inc., compared the income and job outcomes that students reported in response to our survey to those reported in 2U's most recent publicly available survey of all 2U boot camp graduates. The responses to our survey were broadly similar to 2U's results but not as positive in certain areas.</li> </ul>   |

| AUDIT OBJECTIVE   | METHOD  |
|---|---|
| <p>a. To the extent information is available from the campuses, provide demographic information about the students, as well as information about the programs they were pursuing and their individual costs, debt, and outcomes.</p>  | <p>Analyzed enrollment data to identify the demographics of all students enrolled in OPM-instructed courses from July 1, 2020, through December 31, 2022, for each contract we reviewed and to determine the completion rates of the courses and programs.</p> <p>Some campuses' enrollment data included limited information related to students' dates of birth, ages, or genders. Further, in several instances, campuses' demographic data did not include all students who enrolled in OPM-instructed courses. Thus, we do not present this demographic information because it could be misleading.</p>  |
| <p>6 For courses and instruction provided through the OPM contracts at selected campuses, perform the following:</p> <p>a. Determine the extent to which university faculty provided instruction or identify other individuals who provided instruction and assess their qualifications. For courses and instruction not provided by university faculty, identify the level of transparency provided to prospective students about the instructor's status as non-university faculty.</p> <p>b. Identify how much students are charged for the courses and programs.</p> <p>c. Assess the oversight provided by campuses to ensure that qualified faculty and adequate instruction are provided to students.</p> <p>d. Review the completion and dropout rates for relevant courses taught by OPM-hired instructors.</p> <p>e. To the extent possible, determine whether students use any state or federal funds to pay for any courses provided by OPM-paid instructors.</p> | <ul style="list-style-type: none"> <li>• Addressed disclosing the use of non-university faculty as part of Objective 4.</li> <li>• Identified the process each selected campus uses for approving and evaluating courses and instructors and determined whether there are specific exceptions or provisions unique to courses and instruction provided through OPM contracts. To the extent differences exist, determined whether they align with key Academic Senate regulations and other selected systemwide or campus criteria.</li> </ul> <p>Identified the tuition costs for OPM instruction programs during fiscal year 2023–24 based on program webpages, OPM contracts, and financial data provided by campuses.</p> <ul style="list-style-type: none"> <li>• Selected at least four courses or programs at each selected campus that include OPM-provided instruction (tested a total of 21 courses or programs and included at least one section from each course for each contract that included OPM instruction) and determined whether each campus assessed the individuals providing instruction and how each campus determined that the instructors were qualified to do so.</li> <li>• For campus processes that include student evaluations of courses and instructors using forms designed by OPMs, compared the OPM-designed evaluation forms to campus-designed evaluation forms.</li> </ul> <p>Using information obtained under Objective 5, compared the completion rates for the selected campuses' credit and non-credit OPM-instruction courses and for the different OPMs that provide similar types of instruction at the selected campuses. Obtained completion data from the selected campuses for all of their extension unit courses and compared completion rates for OPM-instructed courses to the overall extension unit completion rates.</p> <p>Using information obtained under Objectives 2 and 5, identified the source of funds that students used to pay for OPM-instructed programs and the total program revenue state and federal funds represented.</p> |
| <p>7 Review select campuses to determine their compliance with relevant state and federal laws, including the Higher Education Act's ban on incentive compensation. To the extent possible, determine how the UC can better demonstrate its compliance with the prohibition on incentive compensation to the ED.</p>  | <p>Determined whether the contracts obtained under Objective 2 comply with key provisions of relevant federal laws, including prohibiting incentive compensation and, as assessed under Objective 4, misrepresentation.</p> <p>Contacted ED to determine whether it is concerned with how the UC has demonstrated that it is compliant with the federal prohibition on incentive compensation.</p>  |
| <p>8 Review and assess any other issues that are significant to the audit.</p>  | <p>None identified.</p>   |

Source: Audit workpapers.



## Berkeley Executive Education

UC Berkeley Executive Education (BEE) is a separate entity from UC Berkeley. However, BEE has a contract with UC Berkeley to provide executive education programs under the UC Berkeley brand. Under that agreement, BEE also provides online executive education for which it has three OPM agreements. These programs provided in partnership with OPMs could pose a risk of misrepresentation because they deliver education under the UC Berkeley brand.

Therefore, we performed limited work to ensure that BEE was not delegating instruction to OPMs and misrepresenting it as provided by UC Berkeley faculty. We reviewed BEE's OPM agreements, analyzed program information on its website, and spoke to a program representative while portraying the role of a prospective student for one of BEE's OPM programs. We determined that UC Berkeley employees were providing instruction for the BEE programs that use OPMs. We further determined that for the program we reviewed, BEE disclosed the OPM partnership to prospective students and generally provided information that was consistent with the contract provisions we reviewed. However, for one BEE OPM agreement we reviewed, the relevant program webpages did not include a disclaimer that distinguishes between UC Berkeley and BEE that aligns with the affiliation agreement between UC Berkeley and BEE. We discussed this issue with UC Berkeley, indicating that it should consider clarifying the distinction between UC Berkeley and BEE on the program website. The dean of UC Berkeley's Haas School of Business stated that she reached out to BEE, which performed an audit of its webpages and is working with its site developer to correct any program webpages that do not include the disclaimer. She also stated that UC Berkeley has added language to its support center and terms-of-use sections of the BEE website, clarifying that BEE is a California nonprofit organization formed for the purpose of operating executive education programs in support of UC Berkeley and the Haas School of Business. We subsequently observed that this text had been added to the stated sections of the BEE website.

## Assessment of Data Reliability

The U.S. Government Accountability Office, whose standards we are statutorily obligated to follow, requires us to assess the sufficiency and appropriateness of the computer-processed information that we use to materially support our findings, conclusions, or recommendations. In the course of this audit, we relied on the data and testing that we describe below.

To determine the amount of revenue generated from OPM contracts for the period of July 1, 2021, through June 30, 2022, we obtained electronic data files from the selected campuses' financial reporting systems. To evaluate the data, we interviewed staff knowledgeable about the data. We performed dataset verification procedures and electronic testing of key data elements and did not identify any issues. We also performed accuracy testing by comparing the revenue shares actually collected for fiscal year 2021–22 to the payment terms found in the related contracts, as well as by obtaining supporting documentation for any student loan amounts included in the student tuition payments. We did not identify any issues resulting from these procedures.

We also compared the total revenue in each UC campus's financial system reports to OPM reports that included detailed enrollment information to determine whether the totals agreed. We then traced the detailed enrollment information from the OPM reports to enrollment information obtained from the registrar for each campus's extension unit. We found the data to be materially complete for all OPM contracts except for the UC Berkeley contract with one OPM, which we discussed above. We found several exceptions in which this OPM's enrollment data included transactions that the data obtained from the registrar omitted. Thus, we could not conclude that the OPM's contract data are sufficiently complete for our purposes. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our findings, conclusions, and recommendations. For all other selected campuses, we found the data sufficiently reliable for the purposes of determining the amount of tuition that campuses charged to students enrolling in OPM-instruction programs, the amount of revenue the campus and the OPM received, and any costs incurred by the campus for fiscal year 2021–22.

To answer various audit objectives, we obtained electronic data files from the enrollment systems of the selected UC extension units for the period from July 1, 2020, through March 31, 2023. Four of the selected extension units (Berkeley Extension, Davis Extension, UCLA Extension, and Santa Barbara Extension) use the Destiny One System to process enrollment records, and San Diego Extension uses a system called ISIS. To evaluate the available data, we interviewed staff knowledgeable about the data and performed dataset verification procedures and electronic testing of key data elements, and we did not find any issues material to our analysis. To assess the completeness and accuracy of the respective campuses' enrollment data, we compared them to data about the certificates issued to students who completed extension unit courses. Berkeley Extension, Davis Extension, UCLA Extension, and Santa Barbara Extension each use a third-party entity to issue certificates, while San Diego Extension issues its own certificates. We determined that UCLA Extension's enrollment data were sufficiently reliable for our purposes. We also determined that San Diego Extension's enrollment data were sufficiently reliable, with the exception of courses provided by one OPM whose students were never entered into the unit's enrollment system.<sup>6</sup>

For Davis Extension and Santa Barbara Extension, we found differences between the enrollment data and respective certificate systems, and thus we determined that the enrollment data were not complete. Further, because of the concerns described above regarding Berkeley Extension's contract with one OPM, we concluded that Berkeley Extension's enrollment data were not complete. However, we determined that the enrollment data provided by the selected extension units were the best available data for our purposes. Because of the various errors we identified, it is possible that our analysis excluded some students who were enrolled during the period we reviewed. Although these errors may affect the precision of the numbers we present, there is sufficient evidence in total to support our findings, conclusions, and recommendations, and these errors did not affect other aspects of our analysis.

<sup>6</sup> At our request, the OPM gave us a list of students participating in the courses it provided, which we used to identify students whom we subsequently surveyed.



# UNIVERSITY OF CALIFORNIA

Michael V. Drake, MD  
President

May 6, 2024

Office of the President  
1111 Franklin St.  
Oakland, CA 94607

universityofcalifornia.edu

Grant Parks  
California State Auditor  
621 Capitol Mall, Suite 1200  
Sacramento, California 94814

Dear State Auditor Parks:

#### CAMPUSES

Berkeley  
Davis  
Irvine  
UCLA  
Merced  
Riverside  
San Diego  
San Francisco  
Santa Barbara  
Santa Cruz

#### MEDICAL CENTERS

Davis  
Irvine  
UCLA  
San Diego  
San Francisco

#### NATIONAL LABORATORIES

Lawrence Berkeley  
Lawrence Livermore  
Los Alamos

#### DIVISION OF AGRICULTURE AND NATURAL RESOURCES

Thank you for the opportunity to review and respond to the audit report entitled “University of California: It Makes Limited Use of Online Program Management Firms but Should Provide Increased Oversight.”

We appreciate the report from your office and want to confirm that the University of California is invested in promoting practices that will mitigate the risks of using Online Program Management firms (OPMs). We also appreciate the recommendations in the report for UCOP and plan to implement them.

The University of California is committed to transparency in its curricular offerings and business practices, both on our main campuses and in auxiliary enterprises like UC Extension. Toward that end, the UC Office of the President will, with input from relevant stakeholders such as Extension Deans and the Academic Senate, create guidelines for the University of California’s use of OPMs. Our instructions will establish clear expectations for the use of OPMs, including transparency in all promotional materials, standards for instructors and course quality, course evaluations, and adherence to federal regulations. We are particularly intent on articulating prohibitions on incentive recruitment compensation and compliance with and adherence to Western Association of Schools and Colleges (WASC) guidance on the use of unaccredited entities.

Our goal is to ensure that all academic programs that carry the name of the University of California are staffed by instructors that are selected and vetted by the responsible UC academic unit. Academic programs that are joint programs with non-UC entities will need to be approved under these guidelines and publicly branded in ways that make it very clear what the sources and qualifications of the instructors are in any joint program.

Also, I am asking each Chancellor whose programs make use of OPMs to immediately take steps to correct any instances of misrepresentation or lack of transparency about how the program uses OPMs in all communications with existing and prospective students.

The University of California is taking these findings seriously and we expect that they will be addressed within the timelines outlined in the report. We look forward in the coming months to keeping you and our many other partners in this effort apprised of our actions.

Page 2

Sincerely,

A handwritten signature in black ink that reads "Michael V. Drake MD". The signature is written in a cursive style with a large, looped "M" and "D".

Michael V. Drake, MD  
President

cc: Provost Newman  
Senior Vice President Bustamante  
Systemwide Deputy Audit Officer Hicks

## UNIVERSITY OF CALIFORNIA, BERKELEY

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OFFICE OF THE CHANCELLOR  
200 CALIFORNIA HALL #1502  
BERKELEY, CALIFORNIA 94720-1502

May 6, 2024

The Honorable Grant Parks  
California State Auditor  
621 Capitol Mall, Suite 1200  
Sacramento, CA 95814

RE: 2023-106—Confidential Draft Audit Report for Review

Dear Mr. Parks:

In response to the recommendations provided by the state audit of the University of California's use of Online Program Management firms, the following campus policies and procedures for OPM partnerships will be clarified and updated, working with our stakeholders, to ensure transparency to prospective students:

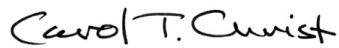
- All OPM partnerships must be disclosed on relevant course and program pages on the websites for Berkeley Extension and all UCB academic units and the partner's website (if applicable).
- A dedicated informational webpage that outlines the role of the OPM partner must be provided via weblink on all relevant course and program pages on the Berkeley Extension website.
- UC Berkeley must review and approve all academic curricula and instructors will communicate this to students and OPM partners in the future.
- Instructor information, including education and experience, must be clearly posted on relevant course pages of the Berkeley website. When enrollment or program information is published on the OPM website, Berkeley Extension and all academic units at Berkeley using OPM services must request that OPM partners publish information, such as education and experience, about the relevant instructors teaching courses.
- On the Berkeley Extension website, all nonrefundable deposits or fees must be clearly disclosed. When course enrollment is managed on the OPM's website, Berkeley must require that all nonrefundable deposits and fees are clearly disclosed.
- Berkeley Extension and other academic units using OPM services will establish a process to verify that revenue amounts received from each OPM partner are the correct amount due to the campus.
- Berkeley Extension and all academic units at Berkeley using OPMs must conduct an annual review in July to ensure adherence to the above policies on the websites of Berkeley Extension and the OPM. The findings and any actions taken to meet compliance standards must be formally documented. The campus-wide policy will be updated to reflect this process.

As part of our response to your report, we will provide your staff with a copy of the forthcoming update to our campus wide *Policy on Engagement with Third-Party Online Program Management Providers*, originally

implemented in September 2022. In addition, we will provide copies of updated websites and documents that assure other actions we are taking in response to your report have been completed.

Thank you for conducting this audit and helping our campus improve its procedures.

Sincerely,



Carol T. Christ  
Chancellor

cc: Nicole Madera, Senior Auditor, Office of the California State Auditor  
John Lewis, Principal Auditor, Office of the California State Auditor  
Benjamin E. Hermalin, Executive Vice Chancellor and Provost, UC Berkeley  
Khira Griscavage, Associate Chancellor  
David M. Robinson, Chief Campus Counsel, Office of Legal Affairs, UC Berkeley  
Jaime Jue, Director, Audit and Advisory Services, UC Berkeley

## UNIVERSITY OF CALIFORNIA, DAVIS

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Gary S. May  
Chancellor

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DAVIS, CALIFORNIA 95616-8558  
TELEPHONE: (530) 752-2065

May 8, 2024

Mr. Grant Parks  
California State Auditor  
621 Capitol Mall, Suite 1200  
Sacramento, CA 95814

Re: UC Online Program Management Firms Audit, Report Number 2023-106

Dear Mr. Parks:

UC Davis appreciates the opportunity to discuss your UC Online Program Management Firms Audit Report.

We are committed to quality education for all UC Davis students, and to transparency about how we deliver it. We appreciate the California State Auditor's Office confirming that UC Davis makes limited use of OPMs, with no OPM instruction in undergraduate education and some involvement in the Graduate School of Management and Continuing and Professional Education.

We also appreciate the California State Auditor's Office alerting us to incomplete, outdated, and potentially misleading information on public-facing websites. UC Davis will implement your recommendation below.

#### California State Auditor's Recommendation

The California State Auditor's report number 2023-106 recommends:

To provide transparency to prospective students regarding course instruction, by June 2025, the campuses should engage with relevant stakeholders regarding creating or amending their policies or processes to require that course descriptions and program websites include the following:

- Disclosure of the partnership between an OPM and the campus
- A description of the OPM's roles, particularly when the OPM provides instruction
- Identification of OPM instructors as well as their training and experience
- Disclosure of the amounts of any nonrefundable deposits or fees

To ensure that they do not provide misleading information on their websites, by June 2025, the campuses should engage with relevant stakeholders regarding creating and implementing a policy to review, on no less than an annual basis, the program websites associated with courses that OPMs support to ensure that the information provided is current and accurate. The campuses should formally document these reviews and track any needed or subsequent changes.

Mr. Grant Parks - California State Auditor  
May 8, 2024  
Page 2

### UC Davis' Response to the Recommendation

We agree. UC Davis' intent is to give prospective students full transparency into course instruction.

Deliberate policy will help ensure that course descriptions and program websites, both managed by UC Davis and by OPMs, disclose when OPMs contribute instruction or other educational content.


We note that some third-party providers of non-instructional educational services such as learning management platforms will fall outside the scope of our new policy. We believe this is in alignment with the approach you took in your review, and with your recommendation.

Finally, we recognize that the timing of an annual website review will need to be coordinated with external events such as the publishing of national rankings. This will help us identify and correct outdated information timely.

Thank you for the opportunity to respond to your report. The California State Auditor's Office staff demonstrated professionalism, fairness, and efficiency throughout this engagement. We appreciate their effort.

If you have any questions, please contact Ryan Dickson, Director, Audit and Management Advisory Services at [rsdickson@ucdavis.edu](mailto:rsdickson@ucdavis.edu).

Best regards,



Gary S. May  
Chancellor

/am



**UCLA****Office of the Executive  
Vice Chancellor and Provost**

Murphy Hall 2147, Box 951405  
Los Angeles, CA 90095-1405  
Office: 310-825-2052  
evc@conet.ucla.edu

May 8, 2024

Grant Parks\*  
California State Auditor  
621 Capitol Mall, Suite 1200  
Sacramento, CA 95814

Re: Response Letter

Dear Mr. Parks,

UCLA has received the California State Auditor's draft report on Online Program Management (OPM) and appreciates the opportunity to provide comments and address the recommendations.

UCLA has considered the findings detailed in the report and has the following responses.

### **Recommendation 1**

To provide transparency to prospective students regarding course instruction, by June 2025, the campuses should engage with the relevant stakeholders regarding creating or amending their policies or processes to require that course descriptions and program websites include the following:

- Disclosure of the partnership between an OPM and the campus.
- A description of the OPM's roles, particularly when the OPM provides instruction.
- Identification of OPM instructors as well as their training and experience.
- Disclosure of the amounts of any nonrefundable deposits or fees.

Response: UCLA will engage with the relevant stakeholders regarding creating or amending policies or processes covering disclosures of OPM partnerships, OPM roles, instructor training and experience, and nonrefundable deposits or fees, if any.

### **Recommendation 2**

To ensure that they do not provide misleading information on their websites, by June 2025, the campuses should engage with the relevant stakeholders regarding creating and implementing a policy to review, on no less than an annual basis, the program websites associated with courses that OPMs

\* California State Auditor's comment appears on page 73.

*Response Letter: California State Auditor's Draft Report on Online Program Management (OPM)*  
May 8, 2024  
Page 2 of 2

support to ensure that the information provided is current and accurate. The campuses should formally document these reviews and track any needed or subsequent changes.

Response: UCLA will engage with the relevant stakeholders to create or amend relevant policies or processes and perform a documented annual review of the information displayed on the websites regarding the programs offered by OPMs to ensure that they are current and accurate.

### **Recommendation 3**

To better monitor how well the OPMs are serving students, by June 2025, UCLA Extension should establish and implement a policy to review and assess the results of OPM-administered student course evaluations after each academic term.

Response: UCLA Extension will establish and implement a policy to review and assess the results of OPM-administered student course evaluations after each academic term.

- ① Finally, UCLA Samueli School of Engineering appreciates CSA's concerns regarding the School of Engineering's statement of rankings on page 23. However, it disagrees with the characterization of the UCLA Samueli School of Engineering's intent and motivation that are part of CSA's ultimate observation.

Quantifiable, data-based metrics of multiple categories drive the program rankings. Because UCLA Samueli's Master of Science in Engineering Online (MSOL) program has consistently been ranked #1 by U.S. News & World Report (two years in a row and six times in 10 years), it was reasonable for the School of Engineering to highlight that ranking.

The School of Engineering understands that CSA believes that the School of Engineering should have disclosed that the subranking related to the engineering management area of study was a top 20 but not top 10 subranking, but doing so ignores the fact that the subprogram rankings are not grounded in the same rigorous methodology as the overall program's ranking, and are not data-based. Subprogram rankings are based solely on highly subjective feedback by peer institutions, and omitting that ranking represents a reasonable choice made by Engineering.

Thank you for the opportunity to provide our response to the audit report.

Sincerely,



Darnell M. Hunt  
Executive Vice Chancellor and Provost

## Comment

### CALIFORNIA STATE AUDITOR'S COMMENT ON THE RESPONSE FROM THE UNIVERSITY OF CALIFORNIA, LOS ANGELES

To provide clarity, we are commenting on the response to our audit report from UCLA. The number below corresponds with the number we have placed in the margin of UCLA's response.

We disagree with UCLA's position regarding the School of Engineering's sub-program ranking. As is our standard practice, we communicated with UCLA while it was reviewing our draft report and subsequently provided UCLA with revisions to the report text. These revisions included additional context about the School of Engineering's perspective on its decision not to include the engineering management sub-program ranking on its website. We agree that it was reasonable for the School of Engineering to highlight the #1 ranking for the overall Master of Science in Engineering online program, and on page 14 we acknowledge that the ranking for the engineering management sub-program may not have been developed with the same rigorous methodology. Nevertheless, including this top 20 sub-program ranking on its website should not damage the program or its reputation and would provide prospective students with valuable information about the merits of the program.

①

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## UNIVERSITY OF CALIFORNIA, SAN DIEGO

## UCSD

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FAX: (858) 534-6523

May 6, 2024

## GRANT PARKS

California State Auditor  
621 Capital Mall, Suite 1200  
Sacramento, CA 95814

Dear State Auditor Parks:

Thank you for the opportunity to review and respond to the draft audit report, *University of California: It Makes Limited Use of Online Program Management Firms but Should Provide Increased Oversight (2023-106)*. A response to each recommendation directed to UC San Diego is provided below.

- 1. Recommendation: To provide transparency to prospective students regarding course instruction, by June 2025, the campuses should engage with relevant stakeholders regarding creating or amending their policies or processes to require that course descriptions and program websites include the following:**
  - Disclosure of the partnership between an OPM and the campus.
  - A description of the OPM's roles, particularly when the OPM provides instruction.
  - Identification of OPM instructors as well as their training and experience.
  - Disclosure of the amounts of any nonrefundable deposits or fees.

We agree with this recommendation. UC San Diego has long recognized the importance of providing transparent information to prospective students of OPM programs so that they can make an informed decision as to whether to enroll in these programs. To increase the transparency of OPM programs to prospective students, UC San Diego agrees to update its internal policies and procedures relating to OPM programs to require that course descriptions and program websites include the above elements.

- 2. Recommendation: To ensure that they do not provide misleading information on their websites, by June 2025, the campuses should engage with relevant stakeholders regarding creating and implementing a policy to review, on no less than an annual basis, the program websites associated with courses that OPMs support to ensure that the information provided is current and accurate. The campuses should formally document these reviews and track any needed or subsequent changes.**

We agree with this recommendation and will implement a local policy to annually review OPM program websites to ensure that the information provided (including student outcomes and marketability) is current, accurate, and includes all disclosures required for prospective students to make an informed decision.

- 3. Recommendation: To prevent prospective students from being misled about the value of OPM-provided courses, by June 2025, UC San Diego should develop fact sheets that list key information for each course**

**or program, such as whether the course provides a benefit for admission to another campus degree program.**

We agree with this recommendation and will create a fact sheet for each OPM program offered by UC San Diego to clearly articulate the value of OPM courses and whether the course provides a benefit for admission to another campus degree program. We will ensure these fact sheets are available to prospective students and distributed to program representatives. As of the date of this response, UCSD did not offer any OPM programs or courses that provided a benefit or were transferable to a campus degree program.

- 4. Recommendation: To prevent students from being misled about the value of OPM-provided courses, by June 2025, UC San Diego should request that its Academic Senate assess whether the campus should continue to use the term MicroMasters.**

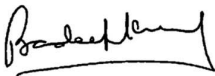
We agree with this recommendation. UC San Diego recognizes that the term *MicroMasters* could be misinterpreted by prospective students as providing an onramp to a master's degree program. However, the term *MicroMasters* is a trademarked term used by the OPM provider and is not a term that UC San Diego has the ability to modify. Nonetheless, we will submit a request to the Academic Senate to assess the use of the term.

- 5. Recommendation: To comply with Academic Senate rules and its own policies regarding course and instructor approvals, by June 2025, San Diego Extension should establish a process to document all OPM course and instructor approvals.**

We agree with this recommendation. UC San Diego recognizes the importance of ensuring that course and instructor approval practices comply with applicable policies. Extension has developed an internal procedure that is intended to review and approve all OPM courses and instructors to ensure course quality and instructor qualifications. To strengthen these internal procedures, Extension will create a process map that will assist Extension staff with ensuring that all non-degree OPM courses and instructors are reviewed and approved in accordance with Extension's internal procedures.

I appreciate the time the State Auditor's office has taken to identify improvements to strengthen transparency and oversight of OPM programs.

Sincerely,



Pradeep K. Khosla  
Chancellor

## UNIVERSITY OF CALIFORNIA, SANTA BARBARA

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May 7, 2024

Mr. Grant Parks  
 California State Auditor  
 621 Capitol Mall, Suite 1200  
 Sacramento, California 95814

State Auditor Parks:

Thank you for the opportunity to review and respond to the audit report, "University of California – Online Program Management." Below are the University's responses to the recommendations in the report directed to the University of California, Santa Barbara.

1. **To provide transparency to prospective students regarding course instruction, by June 2025, the campuses should engage with relevant stakeholders regarding creating or amending their policies or processes to require that course descriptions and program websites include the following:**
  - Disclosure of the partnership between an OPM and the campus.
  - A description of the OPM's roles, particularly when the OPM provides instruction.
  - Identification of OPM instructors as well as their training and experience.
  - Disclosure of the amounts of any nonrefundable deposits or fees.

We agree with this recommendation and will engage with relevant stakeholders regarding creating or amending their policies or processes to require that course descriptions and program websites include:

- Disclosure of the partnership between an OPM and the campus.
  - A description of the OPM's roles, particularly when the OPM provides instruction.
  - Identification of OPM instructors as well as their training and experience.
  - Disclosure of the amounts of any nonrefundable deposits or fees.
2. **To ensure that they do not provide misleading information on their websites, by June 2025, the campuses should engage with relevant stakeholders regarding creating and implementing a policy to review, on no less than an annual basis, the program websites associated with courses that OPMs support to ensure that the information provided is current and accurate. The campuses should formally document these reviews and track any needed or subsequent changes.**



Mr. Grant Parks  
California State Auditor  
May 7, 2024  
Page 2

We agree with this recommendation and will engage with relevant stakeholders regarding creating and implementing a policy to review, on no less than an annual basis, the program websites associated with courses that OPMs support to ensure that the information provided is current and accurate. We will formally document these reviews and track any needed or subsequent changes.

- 3. To better monitor how well the OPMs are serving students, by June 2025, Santa Barbara Extension should establish and implement a policy to review and assess the results of OPM-administered student course evaluations after each academic term.**

We agree with this recommendation and will establish an implement a policy to review and assess the results of OPM-administered student course evaluations after each academic term.

- 4. To ensure that the OPM instructors teaching students on its behalf are sufficiently qualified, by June 2025, Santa Barbara Extension should incorporate a review of the instructors' qualifications into its OPM course approval process.**

We agree with this recommendation and will incorporate a review of the instructors' qualification into its OPM course approval process.

We appreciate your team's professionalism and cooperation during the audit process, and we look forward to implementing the report's recommendations.

Sincerely,



Henry T. Yang  
Chancellor