Why is UC Borrowing 7 Million to Fund the On-Line Education Pilot Project?

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Last year, Berkeley Law School Dean Chris Edley provided numerous assurances that the project to explore the feasibility of an on-line undergraduate curriculum would be funded wholly from extra-mural sources.   He was as confident that he could raise money for the pilot as he was that a fully developed on-line curriculum would itself be a money-maker. Indeed, Edley insisted that on-line ed would soon be a net benefit for UC in many ways. It would, he said, generate surplus revenue for the discretionary use of the bricks and mortar campuses, extend the benefits of a UC education to all who sought it (especially those unable to access the campuses in coming years due to physical capacity limits), and provide the high quality education UC currently offers.   He summed up the project of an on-line UC curriculum as simultaneously providing "social justice," educational excellence and a revenue boon for UC.

It was too good to be true. We knew it then and explained why. On-line education in the "quality sector" had already met with bankruptcy at Columbia, University of Illinois and elsewhere.   No studies established that on-line education could match that provided on campuses. Problems with on-line courses are legion. Moreover, existing on-line programs are worse exploiters of debt-financing by students than bricks-and-mortar campuses.

Now there is a new twist to the story. The UC Senate approved the pilot provided that it was funded, as Edley promised, entirely from extra mural funds. But fundraising has fallen far short of hopes–Edley has managed to obtain only a single $750,000 grant from the Gates Foundation. This is substantially less than the $7 million plus that the pilot is expected to cost. Why the shortfall?

Because private foundations concerned with on-line education seek to understand its problems and want to fund studies of those. Why the persistently high and seemingly intractable attrition rates?   What happens to students who go deep into debt for on-line education and don't finish the courses or obtain a degree?   How to address high cheating rates? What elements of classroom courses cannot be replicated on-line (oral skills, many critical thinking skills, group problem solving, spontaneous integration of course material and current events) and what is the significance of these losses?   And how can expensive, high quality courses compete with Open Source on the one hand and for profit colleges on the other?

In other words, Edley's dream of a money-making cyber campus came at the wrong time, after other experiments with on-line education in the quality sector had failed and so many problems in on-line curricula have surfaced. At this point, Foundations rightly want to study the problems, rather than throw good money after bad for another high-priced experiment. That is why the UC

pilot could not draw the private funding it sought.

But did this stop the pilot? No. Dean Edley is a powerful man in the University of California system, one who remains a special consultant to President Yudof and routinely rubs shoulders with other top brass at UCOP. So, instead of treating the failure to raise money for the pilot as "market information" that should have slowed, shrunk or quashed the project, it got a bail-out from UC, a $4-7 million dollar interest-free line of credit. This at a time when Operation Excellence is slashing essential staff positions, when tuition continues to skyrocket, when hiring freezes have hamstrung countless departments and other campus units, when UC is bracing for another round of devastating budget cuts from the state.

A loan for a pipedream–when existing departments can't even staff their existing curriculums, support existing graduate students or pay for printer paper–would be bad enough. But it is the collateral on this loan that is the icing on the cake.

The loan is "secured" by fees expected to be paid by non-UC students taking the pilot courses. In other words, students who are not UC students would be funding a pilot that offers courses that are not UC courses (the courses have not yet gone through Senate channels for approval). Since the students are not UC students, they will not be eligible for UC aid, which means they will either be encouraged to borrow or they will be wealthy individuals, mostly likely from outside the United States, who can be duped into thinking that these are UC courses and that they are UC students when they take them. Who else would pay thousands of dollars to take a course stamped falsely with the UC brand name that could be more cheaply procured through any number of other sources?

This is a scandal of obscene proportions. Why is a project promised to be funded extra-murally now allowed to borrow up to $7 million from UC itself? Why is collateral that depends upon hoped-for exploitation of student indebtedness or consumer ignorance allowed to secure the loan? And what guarantees that state funds or student fees–the only fungible income streams UC has–will not be tapped if and when the original collateral plan collapses?

Not only is the on-line education pilot project being launched on a broken promise, it aims to use non-UC students both as cash cows and guinea pigs, perhaps falsely selling them the UC brand into the bargain. Who knows whether the scheme will work. What is certain is that the $7 million dollar loan and its collateral represents corruption in the present and captures in a nutshell how "students" would be regarded in the future cyber-campus the pilot anticipates.

Social justice indeed.