

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS  
MEETING OF THE  
EDUCATIONAL POLICY COMMITTEE  
June 11, 2005**

EDUCATIONAL POLICY COMMITTEE

Saturday, June 11, 2005

8:30 - 9:30 a.m.

Board Room, The Rotunda

AGENDA

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UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 11, 2005

COMMITTEE: Educational Policy

AGENDA ITEM: I.A. New MBA Program Format: Darden MBA for Executives, Darden Graduate School of Business Administration

BACKGROUND: The Darden Graduate School of Business Administration proposes a new format to provide MBA education to executives who will not interrupt their careers.

The first Executive MBA program was established in 1943 and there are now over 280 such programs in operation; most have been established over the last 25 years. The Executive MBA Council reports that over 9,000 students are enrolled worldwide in ExecMBA programs and enrollments continue to increase. By comparison, there has been a decline in applications to traditional MBA programs.

ExecMBA programs are distinguished from traditional MBA programs in that ExecMBA students do not interrupt their careers but continue to work full time. ExecMBA programs differ from part-time MBA programs in that ExecMBA students remain in a unified cohort. The ExecMBA students are generally more experienced than part-time MBA students, and ExecMBA students meet for fewer yet longer and more intense sessions. A further distinction of the ExecMBA program is the role of company sponsorship. ExecMBA students remain employed while pursuing their degrees and often rely on their employers to fund their education.

DISCUSSION: Establishing an MBA for Executives supports the mission of the Darden School, which is to offer programs that seek to better society by developing leaders in the world of practical affairs. It also assures that the school is responsive to a changing market for business education.

The recommendation to implement a new format for the MBA degree has been reached after careful deliberation and extensive review of the market and existing ExecMBA programs.

The proposed ExecMBA program will mirror the traditional MBA program in key elements, while capitalizing on the different characteristics of the student population.

The ExecMBA program will be based initially on the Darden grounds in Charlottesville. Leadership Residencies may be offered at locations suited for the topic under discussion. One Leadership Residency will be held in Asia (likely China or India) to provide students with a hands-on perspective of an emerging economy in their education. Part of the curriculum will also be delivered via technology to students in their home/work locations.

The initial choice of a Charlottesville base offers a chance to enter the market more quickly. Given the rapidly changing market, Darden will immediately begin to evaluate the desirability and feasibility of offerings in other locations, including Northern Virginia. The intent is to evaluate the program continually to meet the needs of business, take advantage of new technologies in education and harness the school's developing capabilities. The Darden School also will consider how partnerships (e.g. with international schools for leadership residencies) may enhance the program.

Darden enters a crowded marketplace, but one that continues to experience increased demand. The new program will be taught by the same Darden faculty who teach the full-time and Executive Education students, and will primarily be located on the North Grounds. The first ExecMBA class is anticipated to start in June 2006, enrolling a group of 45 executives admitted via a competitive process for a 21-month program.

For the first ExecMBA class entering in 2006, tuition will be \$90,000 for the full program and will include all instruction, required fees, required software, course materials, lodging, and meals during class sessions. Tuition is set to be somewhat below benchmark schools in urban areas (Chicago, Northwestern, and Wharton) and comparable to or above direct competitors (Duke, Georgetown, and the University of North Carolina).

The faculty of the Darden School unanimously approved the proposal for this new format in September 2004, and the Faculty Senate approved the plan in April 2005.

ACTION REQUIRED: Approval by the Educational Policy Committee and by the Board of Visitors

APPROVAL TO ESTABLISH A NEW MBA PROGRAM FORMAT: DARDEN MBA FOR EXECUTIVES, DARDEN GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

RESOLVED that the new MBA program format, Darden MBA for Executives, be established in the Darden Graduate School of Business Administration.

UNIVERSITY OF VIRGINIA  
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Approve new degree program format: Darden MBA for Executives.

FISCAL IMPACT: Darden presents the case that the addition of a Darden MBA for Executives program is strategic and in keeping with the school's mission and priorities. They have demonstrated that the addition of this program format is important to allow Darden to complete its portfolio of management education offerings, as a part of the overall branding of Darden. Darden has further considered an externally developed list of critical success factors, developed by the Executive MBA Council, in its program development. These critical success factors include program reputation, career enhancement effect, quality of students, facilities, length of program, and cost. Finally, Darden has engaged in market research, including a review of competitor programs and potential students to ascertain that there is an available market for this program at the proposed price.

To evaluate the fiscal implications of such a program, Darden prepared a three-year financial proposal which demonstrates that the program will be self-sustaining when the second class of 45 students is enrolled. The program will fall within the financial self-sufficiency model with Darden retaining 90 percent of tuition revenues, while covering 100 percent of direct and facilities costs. The initial start-up investment for the program is \$350,000 and will be fully funded from Darden resources in accordance with financial self-sufficiency. The start-up costs include the hiring of a program director and four incremental support staff, but no other hard costs. No additional facilities will be needed - classroom space is available at Darden, while lodging is provided in the Sponsors Executive Residence and dining in the Abbott Center.

At full enrollment, total annual Darden MBA for Executives revenues are expected to be approximately \$4 million, provided the proposed \$90,000 price for the program is approved by the Finance Committee and the Board. Approximately \$1 million will be directly allocable to cover the students' room, board, books, technology, and mandatory fees.

The remaining \$3 million will cover the University's share of indirect costs (assessed as 10 percent of tuition revenues); the educational and general costs of faculty and staff compensation, travel, academic materials, program development, marketing, and technology; and contribute approximately \$1 million to the Darden School annually.

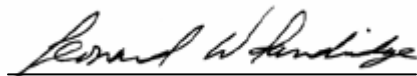
In order to evaluate the success of the Darden MBA for Executives, Darden has developed a set of performance metrics, which include:

- A top-10 ranking among Executive MBA programs after 5 years
- Excellent course and teacher evaluations
- Retention/graduation rate of students
- Surveys of sponsoring companies regarding the value of the program
- Career advancement of the graduates
- Referral of potential students by alumni/current students
- Level of support to the Darden School by graduates.

In the event the evaluation shows that the program should be terminated, ongoing commitments that would have to be considered are not substantial, since no new facilities will be required and no new full-time faculty will be engaged until the program is shown to be successful. In the event the program is terminated, Darden would have to consider the ongoing commitments to the program director and new staff.

CONCLUSION: There is an expected positive fiscal impact to Darden and the University if this program is initiated and Darden has implemented a methodology to evaluate the program's success. In the worst case scenario, Darden is prepared to be fully responsible for the potential short-term commitments to the new staff hired for this initiative.

RECOMMEND APPROVAL OF BOARD ACTION:



Leonard W. Sandridge  
June 11, 2005

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 11, 2005

COMMITTEE: Educational Policy

AGENDA ITEM: I.B. New Procedure for Posting Textbook  
Information

BACKGROUND: The General Assembly passed House Bill 1726 during its 2005 Session. One of the requirements of this bill is that the governing board of each agency "shall implement procedures for making available to students in a central location and in a standard format on the relevant institutional website listings of textbooks required or assigned for particular courses at the institution." Such information must be posted "when the relevant instructor or academic department identifies the required textbooks for order and subsequent student purchase."

The University already posts such textbook information, but currently posts it closer to the beginning of classes when such information has been finalized. The bill also requires that the University post the International Standard Book Number (ISBN) for each textbook, which is currently not included in the information that is posted. An ISBN is an industry-wide recognized 10-digit number that identifies a book for purposes of commerce.

DISCUSSION: This resolution will document the Board's approval of the procedural changes necessary to comply with the Code of Virginia when the provisions of House Bill 1726 take effect on July 1, 2005.

ACTION REQUIRED: Approval by the Educational Policy Committee and by the Board of Visitors.

APPROVAL OF NEW PROCEDURE FOR POSTING TEXTBOOK INFORMATION

WHEREAS, House Bill 1726 was passed during the 2005 General Assembly Session to require that public institutions of higher education post textbook information when the relevant instructor or academic department identifies the required textbooks; and

WHEREAS, the bill requires that the governing boards of each institution shall implement the procedures necessary to comply with the legislation;

RESOLVED, the Board approves the University's revised procedures to comply with the legislation beginning July 1, 2005; specifically:

1. The University shall continue to post relevant textbook information on the University Bookstore's website; and
2. For required textbooks, such information shall be posted when textbooks are identified by the relevant instructor or academic department for order; and
3. Such information shall include the International Standard Book Number (ISBN) along with other relevant information.

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AGENDA ITEM: II.A. Vice President's Remarks

ACTION REQUIRED: None

DISCUSSION: The Vice President and Provost will use this portion of the Educational Policy Committee meeting to brief the Committee on academic program review.

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AGENDA ITEM: II.B. Research Initiative

ACTION REQUIRED: None

DISCUSSION: The Vice President and Provost and the Vice President for Research and Graduate Studies will update the Committee on the progress of the University's research initiative. The report will include information on hiring and recruitment efforts, as well as building and construction progress.

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AGENDA ITEM: II.C. Medical Education Building

ACTION REQUIRED: None

DISCUSSION: The Vice President and Provost will introduce Dr. Arthur Garson, Jr., Dean of the School of Medicine and Vice President, and James Carroll Flippin Professor of Medical Science, who will give a report to the Committee on the progress of the Medical Education Building, to include programmatic aspects.

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AGENDA ITEM: II.D. Faculty Recruitment Efforts

ACTION REQUIRED: None

DISCUSSION: The Vice President and Provost will introduce Ms. Gertrude J. Fraser, Vice Provost for Faculty Advancement and Associate Professor of Anthropology, who will give a report to the Committee on faculty recruitment efforts during the 2004-05 academic year, including search committee training.

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AGENDA ITEM: II.E. Faculty Senate

ACTION REQUIRED: None

DISCUSSION: The Vice President and Provost will introduce the 2004-05 Chair of the Faculty Senate, Ms. Marcia D. Childress, Associate Professor of Medical Education, who will give a brief report on the Faculty Senate's accomplishments this year and the Senate's plans for the forthcoming year.