

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Access and Affordability

#### Recommendation 1: Reaffirm UC's commitment to access for California students.

UC's historic mission of complementary quality and access in its undergraduate student body is central to the University's mission and responsibility to the state of California. This recommendation addresses (1) the value to the state of continued adherence to the Master Plan's expectations for the number and proportion of students who enter at the freshman and transfer levels; (2) the maintenance of access for a pool of students that is broadly diverse; and (3) the value and role of non-resident undergraduate students.

1. Presuming adequate funding for enrollment and maintenance of academic quality, UC should continue to guarantee admission to the "top one-eighth" of California public high school graduates, and prioritize access for students transferring from California community colleges.
  - UC's undergraduate enrollment planning should be responsive to changes in the number of students graduating from high school in California.
  - UC should strive each year to admit a number of public high school graduates that is not less than 12.5% of the number of students who graduated from California public high schools in that year (understanding that not all of these students will enroll).
  - All applicants who meet the University's requirements for guaranteed admission should be offered a place on at least one UC campus, although not necessarily in the major or term for which they applied.
  - UC should enroll sufficient numbers of transfer students to maintain an upper-lower division ratio of at least 60:40 on all campuses.
  - Transfer applicants from California community colleges should be given priority over all other transfer applicants.
2. Consistent with Regents policy, the University of California should strive to enroll a diverse student body.
  - UC should actively encourage the enrollment of students from all regions of the state and from every high school in the state and should strive to improve the representation of students from racial and ethnic groups historically underrepresented in California higher education.
  - The University should prioritize access for students for whom enrollment at UC represents the most significant benefit — including those from low-income families and those with little or no previous experience with higher education.
3. Assuming appropriate physical and instructional capacity, enrollment of nonresidents enhances the educational experience for California residents; nonresidents should be admitted above the state-funded enrollment levels.
  - UC should continue to give California residents highest priority at the undergraduate level. UC campuses should first admit the full number of California residents for which they are funded.
  - The admission of nonresident undergraduates should not disadvantage California residents. Nonresidents should not be eligible for guaranteed

admission and the overall qualifications of nonresident students on each campus should be comparable or superior to those of resident students.

4. As part of its efforts to increase access to higher education, UC should work to improve the college preparation levels of students enrolled in California K-12 schools and community colleges and increasing college enrollment, degree attainment, and other student success measures to the extent consistent with quality, funding, and physical capacity.

#### Rationale:

- The Organic Act (1868) stated that the University was to set standards sufficient that enrolling students would have the ability to successfully complete a degree; be financially accessible to all; draw from “all regions of the state;” and admit women on equal terms with men.
- This California Master Plan for Higher Education (1960) specified, among other things, that (1) the pool of students from which the University draws its freshmen should represent the top one-eighth of California public high school graduates; (2) the University’s cost should not be a barrier to enrollment; and (3) to ensure a robust community college transfer path, the University should admit sufficient numbers of upper-division transfers to maintain a 60:40 ratio between upper- and lower- division students. The Master Plan was later amended to provide a guarantee of admission to students who met the University’s eligibility requirements.
- Regents’ policy states that the University should strive to enroll a student body “that demonstrates high academic achievement or exceptional personal talent, and that encompasses the broad diversity of cultural, racial, geographic, and socioeconomic backgrounds characteristic of California.”
- Enrollment at the University of California provides substantial public benefits for individuals and for the State of California and these benefits should be extended to as broad a group as possible. This is particularly important given UC’s role as the premier public university in one of the nation’s most diverse states in the country.
- Inclusion of international and out-of-state students allows UC students the opportunity to develop multicultural competencies necessary for participation in today’s global economy.
- UC’s ability to enroll and graduate greater numbers of students depends on students’ ability to receive appropriate preparation while in elementary and secondary school and community college. Therefore, ongoing engagement with and support for the state’s K-14 system is central to the University’s access mission and the benefits it provides to the state.

#### Impact on Access:

- This recommendation encourages enrollment of students from all regions of the state and from every high school in the state, and strives to improve the representation of students from racial and ethnic groups historically underrepresented in California higher education.
- These policies ensure that the admission of nonresident undergraduates will not disadvantage California applicants.
- Ensuring adequately prepared students will enhance UC’s ability to enroll and graduate greater numbers of students.

#### Impact on Quality:

- The enrollment of a student body that encompasses the broad diversity of cultural, racial, geographic, and socioeconomic backgrounds characteristic of California enhances the educational experience of all students.
- International and non-resident students will contribute to the intellectual, social and cultural diversity of a campus and the educational experience of California resident students.

#### Fiscal Implications:

- This recommendation is designed to be revenue-neutral by assuming that UC enrolls as many resident undergraduates as it receives state enrollment funding for.
- Increasing transfer enrollment has the potential to make UC more *efficient* by allowing us to increase the number of undergraduate degrees produced without increasing total enrollment.

#### Challenges:

- In recent years UC has not received adequate state funding to support growth in undergraduate enrollment. If funding is not forthcoming, UC cannot meet its access responsibilities to the state.
- Although this recommendation specifically mandates that increases in nonresident enrollment should not come at the expense of access for California students, increases in nonresident enrollment may be negatively perceived by the public.

#### Next Steps for Implementation:

- Research and analysis to determine optimum levels of resident and nonresident enrollment on each campus.

#### Other Options Considered:

N/A

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#### **Recommendation 2: Reaffirm the University's commitment to be financially accessible for all undergraduate students admitted to UC.**

The University of California Financial Aid Policy, adopted by The Regents in 1994, states that the University's commitment to enroll a diverse student body requires that financial considerations must not be an insurmountable obstacle to students' decisions to seek and complete a University degree.

Three key implications of this commitment are:

- Students at every income level must be able to finance their total cost of attendance – not just fees – through a combination of (a) manageable contributions from parents and students, and (b) grant assistance from University, Federal, and State aid programs.
- All aspects of a University of California education – including special educational programs (e.g., Education Abroad) and experiential opportunities (e.g., living on campus) – should be available to all students regardless of their financial resources.
- Emphasis should be placed on providing aid to students on the basis of their financial need rather than other criteria (such as scholastic achievement).

To date, UC has been largely successful in remaining financially accessible to students at every income level, as demonstrated by the percentage of low-income students we enroll, the stability of the income profile of UC students over time, student persistence and graduation rates, and levels of student employment and borrowing.

The Commission should reaffirm UC's commitment to this goal as a fundamental component of the University's identity and purpose, even as other aspects of the University evolve and change.

#### Rationale:

- *A reaffirmation of the University's commitment to financial accessibility would help counter the misperception that a UC education is out of reach.* News of rising college costs – in particular, fee increases – threaten to discourage a generation of low-income students from aspiring to a UC education despite the vast amounts of financial aid available to them.
- *Rising fees and other costs have created new challenges for UC affordability – particularly for middle-income families.* Many middle-income families qualify for little or no federal, state, or University grant assistance. Reaffirming UC's commitment to remain affordable to all students would highlight the need to address the issues faced by this population as well.
- *A reaffirmation would clarify that financial aid must remain among the University's top budgetary priorities.* Cuts to the University's budget have created severe resource constraints throughout UC, leading some to question UC's ability to continue to dedicate such a large portion of its operating budget to financial aid.

### Impact on Access:

- *Reaffirming UC's commitment to financial accessibility would help preserve access for students at every income level, and would be particularly important to underrepresented minority students.* Underrepresented minority students are more likely than other students to be from families of modest means and to be most discouraged by rising costs.

### Impact on Quality:

- *No direct impact on UC quality.*

### Fiscal Implications:

- *Financial aid would remain a top budgetary priority for the University.* As fees and other costs increase, the University would have to continue to dedicate a large share of its revenue to financial aid. The University's need-based grant program is currently funded by setting aside a portion of new undergraduate systemwide fee revenue (currently 33%) for financial aid. To the extent that rising costs and other factors require funding beyond the amount generated by this practice, a higher percentage and/or a return-to-aid on other revenue sources (e.g., non-resident tuition) may be necessary.
- *Variations in costs across campuses, programs, and student living situations should not deter low- and middle-income students from participating in the full range of UC's education opportunities.* Differences in costs can be minimized either by having similar costs at each campus, program, living situation, etc., or by providing grant support to offset these differences for low- and middle-income students.

### Challenges:

- *Some students are not currently included in this commitment.* UC is not currently financially accessible to most undocumented students because these students are not eligible for most forms of financial aid. (See the Workgroup's separate recommendation on this topic.) The University also needs to decide what commitment, if any, is appropriate for other UC undergraduates who are not California residents.
- *A clearer strategy for assisting middle-income students is needed.* While UC has a proven framework for preserving access to low-income students, that framework currently relies on the Federal formula for determining a family's ability to pay. That formula expects more from middle-income families – particularly those in high-cost areas like California – than many consider reasonable. Improving aid for middle-income students will require a restructured framework for evaluating student need that is inclusive of middle-income student issues.
- *UC needs a clearer message for communicating financial aid.* The Blue and Gold Opportunity Plan allows UC to deliver a simple, strong message to low-income students about financial aid and systemwide fees. However, it does not address the concerns of middle-income students, and does not address other expenses (campus fees, room and board, books and supplies, etc.) that make up over 60% of the typical student's budget.

### Next Steps for Implementation:

- *A workgroup should be charged with determining the needs of middle-income students and developing a strategy for addressing them without denying financial access to low-income students.*

Other Options Considered:

- N/A.

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**Recommendation 3: Reaffirm the University's commitment to fulfilling graduate education's role in serving UC's research enterprise, UC's teaching mission, and the diverse knowledge and workforce demands of the State and beyond.**

California's Master Plan recognizes UC as a doctoral-granting institution and the state's primary research institution. Graduate education is critical to the University's research mission and, therefore, central to the vibrancy of the state's knowledge-based economy and ability to meet its academic, technical, and professional workforce needs and fuel innovation that can have worldwide impact. These contributions are made possible when UC graduate academic and professional school programs serve as a magnet for the most highly qualified, talented, and diverse students worldwide and are maximized by a sufficiently large number of graduate students to meet growing needs.

Three key implications of this commitment are:

- Graduate enrollments need to grow at a rate at least equivalent to those of undergraduate enrollment, with a special focus on increasing degrees in areas of specific state need (i.e., the health care sector).
- To attract students with top academic qualifications and diversity of perspective, the fees and financial support associated with graduate and professional degree programs must be competitive with the support provided by other institutions.
- To enhance diversity and ensure that debt levels do not deter access to a range of career options, including low-paying public interest opportunities, graduate student debt levels must be manageable relative to student future earnings potential.

The Commission should reaffirm the importance of graduate education as a fundamental component of the University's identity and purpose, even as other aspects of the University evolve and change.

#### Rationale:

- *The current proportion of graduate enrollments relative to undergraduate enrollment is not adequate to support the research and instructional mission of the University.* As UC has vastly expanded undergraduate enrollment over the past 50 years, graduate enrollment has not kept pace; graduate students have slipped from one-third to one-fifth of total enrollment.
- *UC financial support offers are not fully competitive with those from other institutions.* Survey results indicate that UC financial support offers to students admitted to a UC academic doctoral program are, on average, \$1,000 lower than the offers these students received from their top-choice non-UC institutions.
- *Rising tuition and fees create pressure on faculty research grants that provide tuition and fee remissions to graduate student research assistants.* Although research grants are an important contributor to the revenue generated by tuition and fees, these financial pressures can have a negative impact on research productivity, the willingness of faculty to hire graduate students (as opposed to postdoctoral scholars, for example) as

research assistants, and, in some cases, the ability of faculty to attract external research funding.

- *Rising fees – particularly among students in professional degree programs, whose fees have increased the most due to inadequate state support – have led to increased levels of student debt, which threaten to deter graduates from seeking socially valuable but low-paying careers.* The University must ensure that debt does not preclude students from pursuing public interest careers in health, law, social work, or any other professional or academic discipline.

#### Impact on Access:

- *UC graduate enrollment growth has been constrained by funding, including funding for graduate student financial support.* Departments are often unwilling to admit students if they cannot provide them competitive support packages. To the extent that new funding for financial support can be identified, departments will be more likely to admit additional students and meet UC's graduate enrollment goals.
- *Sensitivity to debt, especially among professional degree students, and the use of loan repayment assistance programs can allow UC to remain a viable option for students interested in low-paying public interest employment.*

#### Impact on Quality:

- *Competitive financial support packages are an important recruitment tool for top-quality students.* Although quality of the academic program and its match with the student's interest are the most important factors in student's enrollment decisions, survey research has shown that the size and attractiveness of support packages also influence choice of program.
- *Improved support for international students would facilitate attracting top students from other countries.*

#### Fiscal Implications:

- *Graduate financial support would need to remain a top budgetary priority for the University.* The University already sets aside a portion (50% for graduate academic students and 33% for professional degree students) of new systemwide and professional degree fee revenue for graduate financial support, and faculty research grants provide fee remission coverage for an additional 30% of new fee charges. Plus the University has been foregoing additional revenue from graduate student nonresident tuition in order to avoid increasing these charges and thus enable easier recruitment and funding of international students. To the extent that rising costs and other factors require funding beyond the amount generated by these practices, additional augmentations to UC graduate financial support programs may be necessary just to maintain the current value of awards.
- *Meeting the University's goals for enrollment and competitiveness will be costly.* Without efforts to improve the graduate student support outlook, the University will face an estimated \$158 million shortfall in attempting to meet its graduate academic student support needs for enrollment growth and competitiveness by 2016-17. This estimate includes both meeting the enrollment goals included in UC's Long Range Enrollment Plan and closing the competitive gap between support offered by UC and by other institutions to academic doctoral students, which is currently estimated to be \$3,000 per student (adjusted for cost-of-living differences).

Challenges:

- Achieving graduate enrollment growth is constrained by the fiscal implications outlined above.
- The need for increased fee revenue to maintain and enhance the quality of UC's graduate and professional degree programs has to be balanced against the impact on students, their debt levels, and the fund sources that provide funding for graduate financial support.
- Although some graduate programs can be expanded at relatively lower cost, they are not necessarily the programs that align with state needs (i.e., the health sector) or UC's diversity goals.

Next Steps for Implementation:

- These principles should be incorporated into discussions of enrollment growth.

Other Options Considered:

- N/A.

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#### **Recommendation 4: Re-establish UC financial aid eligibility for undocumented California high school graduates.**

Since 1996, federal law has precluded public universities from providing financial aid to undocumented aliens unless a state explicitly makes undocumented students eligible for such a “public benefit.” Consequently, undocumented students attending UC are currently precluded from receiving any financial support (e.g., scholarships, grants, loans) other than private outside scholarships and AB 540 tuition exemptions. As a comparison, in 2008-09, documented UC students with financial need received an average of \$16,700 in support, including \$5,400 in UC scholarships and grants that undocumented students could not receive.

To partially address the lack of financial aid funds for undocumented students, it is recommended that the UC Regents act to re-establish undocumented student eligibility for UC financial aid. This could be done by explicitly referencing undocumented students in the existing Regents financial aid policy.

The proposed re-established eligibility would only include the undocumented students who have attended and graduated from California high schools and who have already been determined to be eligible for tuition exemptions pursuant to AB 540.

The proposal would only provide for undocumented students to receive their fair share of UC aid. It would not call for using UC funds to “replace” federal and state aid which their undocumented status precludes them from receiving.

#### Rationale:

- California has already made significant investment by enrolling and educating undocumented students in its elementary and secondary schools. Undocumented California high school graduates who meet the University’s high admissions requirements have also made substantial investments in themselves. Precluding these students from attending UC for financial reasons represents a significant waste of public investment and human potential.
- Restoring eligibility for these students would bring UC’s financial aid practices back into alignment with its financial aid policy, which calls for maintaining “the affordability of the University for all the students admitted within the Framework of the Master Plan.” Consistent with this inclusive goal, UC has funded undocumented students in the past, prior to the passage of the federal law. The University’s current practice is not consistent with this goal.
- UC would not be the first public institution to provide institutional aid to undocumented students. Texas, New Mexico and Oklahoma have made undocumented students eligible for both state as well as institutional financial aid.
- By reestablishing eligibility for undocumented students, UC could serve as catalyst for other efforts at the state and federal level to address this issue. So far, in California and at the federal level, legislative solutions to providing financial aid for undocumented students’ in-state educational costs have not been enacted.

### Impact on Access:

- The proposal would extend institutional financial aid eligibility to approximately three-quarters of the undocumented students at UC (those who qualify for AB 540 tuition exemptions). We estimate that the number of undocumented students at UC who would benefit from the proposal (using 2007-08 numbers) is 406 to 615. Almost all (98%) are undergraduates. Almost half (48%) are Asian American, and 44% are Chicano/Latino. It is unknown if additional undocumented students would enroll if financial aid were available. Enrollment did increase after the introduction of AB 540 tuition exemptions.

### Impact on Quality:

- The undocumented students who would regain eligibility under this proposal have entering qualifications that are competitive with other students. The average high school grade point average for freshmen in this category entering between 2003-04 and 2006-07 was 3.84, compared to 3.78 for all entering freshmen.

### Fiscal Implications:

- Among the undocumented students who would regain eligibility under this proposal, an estimated 370 would have financial need and be eligible for their fair share of existing UC scholarship and grant funds (approximately \$5,400 per recipient).
- This proposal would have no fiscal impact on UC's overall budget. Undocumented students pay fees and UC assess a return-to-aid on their fees. This proposal would reallocate roughly \$2.0 million, less than .5% of the \$373 million in UC gift aid received by undergraduates in 2008-09. The impact of this redistribution on undergraduate documented students with financial need would amount to a decline of about \$30 in UC gift aid per recipient.

### Challenges:

- UC needs to be willing to act independently of state legislative action. In the past, the Governor has vetoed state bills that would provide institutional aid eligibility for undocumented students.
- The federal law requires action by "the state" to make benefits available to undocumented students. Given the University's constitutional autonomy, the General Counsel's office has advised that it is possible that action by The Regents may qualify as action by "the state," within the meaning of the federal law.

### Next Steps for Implementation:

- The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) has precluded undocumented students from receiving federal and state benefits since 1996. UC Counsel has advised that this includes all UC student financial support. However, states can preempt PRWORA by explicitly establishing state benefits for undocumented individuals.
- The Regental action needed would be to affirmatively extend UC's financial aid policy to undocumented students.

Other Options Considered:

- Wait for the passage of state legislation [e.g., SB 1460 (Cedillo)] that would affirmatively establish institutional aid eligibility for undocumented students at CSU and the CCC's.
- Rely on federal and state legislative efforts that would establish institutional aid eligibility and also federal and state aid eligibility for undocumented students.
- Rely on federal legislative efforts that address the broader issues faced by undocumented students (such as the creation of a process for undocumented individuals to establish permanent residency or other legal status).

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#### **Recommendation 5: Adopt a multi-year fee schedule for each entering cohort of new undergraduate students.**

In order to preserve a quality education for UC students, the University has had to generate new fee revenue to partially backfill the severe state budget cuts that have occurred. The fee increases have been problematic for students and their families because of both their size and their unpredictability. To avoid the pain and frustration produced by large, unexpected fee increases that occur mid-education, UC could adopt a multi-year fee schedule for incoming cohorts of undergraduates which would cover a specified number of years – e.g., the typical time-to-degree of between four and five years for entering freshmen and two to three years for transfer students. During this period fees would increase annually at a moderate fixed rate or according to a relatively stable annual adjuster (e.g., the inflation rate). The starting fees charged to entering classes would be set independently and could increase at a faster rate, as needed, to achieve the gross revenue required by the University’s budget in a given year. Fees charged to students who remain enrolled beyond the specified number of years could roll up to the fee levels for the following cohort (i.e., a sixth-year student might be charged the higher fees scheduled for currently enrolled fifth-year students).

To ensure that the University would have the flexibility to meet its budget needs, the University should build a reserve into its budget to help smooth vagaries of state funding levels. In addition, application of the multi-year fee schedule should be contingent on a maintenance of effort by the State. In the case of significant and abrupt state budget cuts, the University would have the option of adopting an emergency fee increase outside of the scheduled amount.

A similar model has been adopted by other public universities, either voluntarily or in response to state legislation. The University of Illinois and certain University of Texas campuses, for example, provide a guarantee to new students that provides for no increase for four years. (The University of Georgia had a similar policy, which it reluctantly abandoned in response to a dramatic shift in state funding.)

#### Rationale:

- *The predictability provided by a multi-year fee schedule would help middle-income families manage the cost of UC fees.* Although financial aid generally protects low-income students from the impact of fee increases, most other students pay the cost of the fee increase. Under the multi-year fee schedule, middle-income families would still pay fee increases but they would know in advance what they would be. This predictability would help families plan for the increases and avoid the “jolt” of unexpected large fee increases for which they are not prepared.
- *The policy would send a bold, positive message to prospective students that they needn’t worry about dramatic fee increases once they arrive at UC.* Just as the Blue and Gold Opportunity Plan assures prospective low-income students that fees needn’t prevent them from aspiring to a UC education, a multi-year fee schedule would assure entering middle-income students that fees would not rise unexpectedly beyond their means to cover them once they enroll at UC.

- *Increased leverage with the State to maintain its support for the University's budget.* The expectation that UC's budget needs can be met through sharp fee increases that disrupt the ability of families to plan their financing of a UC education will be more difficult. The multi-year fee schedule can serve as a "contract" that will add pressure on the State to maintain its funding for the University's budget. Fee revenue would not be seen as a limitless resource for responding to State cuts.

#### Impact on Access:

- *UC may be perceived more favorably by prospective students and families.* Provided that UC remains financially accessible to low-income students and remains competitive for middle- and upper-income students in terms of its perceived quality and cost, a multi-year fee schedule may provide UC with a competitive advantage for enrolling these students because of the predictability that it would provide. The predictability, however, would be limited to fees, since other costs (housing, books and supplies, health insurance, etc.) and an individual's overall financial aid package would not be constrained by such a guarantee.

#### Impact on Quality:

- *No direct impact on UC quality.* See Fiscal Implications, below, for potential indirect impacts.

#### Fiscal Implications:

- *Reduced flexibility in fee revenue would require contingency plans.* Since continuing students would be assured a fixed fee increase rate, any revenue required beyond that amount – due to a sudden decline in State funding, for example – would have to be generated by the 30% of students who are subject to the "new" student rate. To avoid this, UC could (a) anticipate such a rainy day by building larger-than-needed fee increases into the fee schedule, (b) find an alternative source of funds until fees catch up with the budget shortfall, or (c) attach an escape clause to the fee schedule.
- *Greater administrative complexity.* Campus registration systems, billing systems, and financial aid systems would need to be modified in order to accommodate a cohort-based fee system. The cost of these changes is not known.

#### Challenges:

- *Public attention may still focus on fee increases for new students.* Suppressing the rate of fee increases for continuing students may result in higher fees for new students, which may continue to dominate headlines each time The Regents approve a fee increase.
- *Negotiation with the State may be required to ensure that Cal Grants cover cohort-based fees.* Cal Grant coverage of cohort-based fees would be essential to preserving UC's accessibility.

#### Next Steps for Implementation:

- *Policy approval process.* The authority for setting fees rests with The Regents. A change of this magnitude would require broad consultation involving the Academic Senate, campus leadership, the Department of Finance, the California Student Aid Commission, legislative staff, and potentially others.

- *Preparation period.* Once the policy is approved, campuses would need an additional time period in which to prepare and implement cohort-based fee schedules.

Other Options Considered:

- *Large fee increases for students enrolled beyond the specified time period.* The incorporation of a large fee increase for students enrolled beyond the period covered by the specified fee schedule was considered and rejected. Although a large fee increase (perhaps the amount charged to newly enrolled students) might provide a financial incentive for students to graduate within a normal time-to-degree, such a fee increase is more likely to be viewed as a penalty for taking extra time to graduate that is not under the control of the student. Unless UC can also guarantee that classes will be available, students could legitimately complain about paying such higher charges. In addition, some students, especially low-income students, often arrive at UC with less academic preparation than other students and are hence more likely to take longer than four years to graduate. These students would also have a compelling argument against paying a “penalty” fee for needing extra time to graduate. Further, the jump in fees could, potentially, result in the undesirable outcome of some students dropping out rather than persisting to graduation. Finally, UC’s fees are considered high enough without an additional penalty amount to be a financial deterrent to students opting to prolong their enrollment.

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#### **Recommendation 6: Rename the Education Fee and the Professional Degree Fees (but not the Registration Fee) as “tuition.”**

Consistent with language in the Organic Act (1868) and the California Master Plan for Higher Education (1960) that calls upon the University to be “tuition free” for Californians, UC has not labeled any of its in-state student charges as “tuition.” However, despite the labeling, the Education Fee and the Professional Degree Fees have been equivalent to tuition as the term is typically understood by most people since the early 1990’s. Both these fees provide critical revenue for core instructional expenses.

In contrast, the Registration Fee, which currently provides revenue for non-instructional student programs and services, is appropriately labeled as a “fee.” Note that the Registration Fee Task Force, which is currently reviewing the Registration Fee policy, will be recommending a name change for the Registration Fee -- to the Student Services Fee – when it presents its report to the Regents in May. The proposed name change would align the name of the fee with its use in parlance that is more commonly understandable.

To provide similar alignment in the labeling of charges used for instructional purposes and make them more easily understood by the general public, the Education Fee could be renamed “in-state tuition,” and the current Fee for Selected Professional School Students could be renamed “professional degree tuition.”

#### Rationale:

- *Labeling student charges used for instruction as “fees” instead of “tuition” is inconsistent with the understanding of those terms by the general public, the federal government, and other entities to which the University needs to report its student charges.* Colleges and universities report their institutional charges to the federal government and other entities in a variety of contexts. For example, schools participate in both voluntary and mandatory surveys of institutional costs (IPEDS, U.S. News, etc.), and disbursement amounts from various programs are often tied to institutional charges (e.g., veterans educational benefits, fellowship programs, and research programs). In all of these contexts, the term “tuition” is expected to represent the primary educational charge assessed by the institution for instructional expenses. Occasionally, UC’s divergence from this standard practice has real consequences. For example, GI Bill payments to California veterans attending private schools were delayed because payments are statutorily tied to the level of “tuition” charged by a state college to in-state residents – which, in California, is technically zero. Labeling the Education Fee as “in-state tuition” avoids these problems and leads to greater comparability between UC and other schools.
- *Claiming to be a “tuition-free” institution is no longer meaningful.* The goal of remaining “tuition-free” as expressed in the Organic Act and the Master Plan does not, presumably, refer to the use of the word “tuition” *per se* but to the practice of requiring California students to cover a share of their educational expenses themselves. Regrettably, all three California segments now engage in such a practice – although financial aid has preserved the spirit of “tuition-free” enrollment for low-income students. Moreover, at

UC, the goal of providing a “tuition-free” education is no longer sufficient to be financially accessible to low-income students because of the many other costs associated with a full-time, four-year, residential experience. While the concept of financial accessibility inherent in the Organic Act and the Master Plan remains relevant and vital, the references to “tuition” in those documents do not.

#### Impact on Access:

- *Greater clarity about UC’s pricing structure.* Students and families could more easily understand the costs at UC and compare them to those at other institutions if UC used the terms “tuition” and “fees” as they are typically understood by the general public.

#### Impact on Quality:

- *N/A.*

#### Fiscal Implications:

- *Administrative processes and systems would need to adapt to the new terminology.* Campus registration systems, billing systems, and financial aid systems would need to be modified in order to accommodate the proposed change in terminology. The cost of these changes is not known.

#### Challenges:

- *Coordination with other segments.* Renaming UC’s Education Fee as “tuition” would require coordination with CSU and the CCCs, who also currently refer to their student charges that provide revenue for instructional expenses as “fees.” It would be confusing to the general public and other entities if UC were to make the naming change without similar changes occurring in the labeling of student charges at CSU and the CCCs.
- *Coordination with relevant parties in State government.* Renaming UC’s Education Fee as tuition would require coordination with State government officials to ensure all understand that the name change does not represent any shift in the use of the fee revenue, in the level of the fee, or in the state’s responsibility to provide adequate funding to the University for its instructional costs. In addition, some statutory changes may be needed in cases where there are specific references to UC’s “fees.” For example, the Cal Grant statute, which currently refers to Cal Grant coverage of UC’s “mandatory systemwide fees,” may require modification to ensure that Cal Grants would cover “in-state tuition” as well.
- *Public relations impact.* Even though the change in terminology would have no impact on the level or use of UC’s student charges, UC could anticipate negative reaction from constituents who perceive the adoption of the term “tuition” as an abandonment of UC efforts to strive for a tuition-free university where the State actually fully covers instructional costs.

#### Next Steps for Implementation:

The University should develop a more specific proposal for implementing the name change. It should identify a mechanism for making any statutory changes that might be required.

UC should consult with CSU and the CCCs on their interest in making parallel names changes and with state government officials to determine if there are other issues that need to be addressed.

Other Options Considered:

- N/A.