SENATE DIVISION AND COMMITTEE CHAIRS
UNIVERSITY OF CALIFORNIA

Re: UCPB paper on differential fees and non-resident tuition

Dear Colleagues:

As you know, at its meeting on January 27, Council decided to send for systemwide review the attached position paper by UCPB. UCPB developed this paper to begin a conversation about the issues surrounding differential fees and increasing reliance on non-resident tuition, since proposals involving both likely will emerge from the Working Groups of the UC Commission on the Future.

In discussion at the January Council meeting, UCPB’s chair, Peter Krapp, stated that the position paper is intended to provide a framework for placing otherwise incremental proposals to increase revenues in context, and to connect such proposals to the Senate’s stated budget priorities. The paper begins with the notion that UC is one university and extends this logic from differential fees by major to differential fees by campus and non-resident tuition. UCPB’s underlying concern is that decisions made on individual campuses could affect the other campuses. For example, allowing non-residents additional slots on one campus could shift the costs of educating residents to other campuses.

A second motivating principle in the memo is that any increases in revenue should support the systemwide Senate’s priorities: funding the faculty salary plan and restoring the retirement system. UCPB argues that new revenues (beyond course fees used to mitigate higher, clearly documented costs of delivering instruction) should be pooled to support these priorities, instead of being used for local purposes. Therefore, they ask the Senate to examine whether the administration’s recent policy of allowing campuses to retain NRT revenues should stand. As background information, I have attached memos explaining the NRT policy from former Provost Rory Hume and former EVP Katie Lapp, as well as Principles for Non-Resident Undergraduate Enrollment authored by BOARS and endorsed by Council in August, 2009.

Please submit your comments to senatereview@ucop.edu by Friday, April 16 and do not hesitate to contact me if you have any questions regarding this request.
Sincerely,

Henry C. Powell, Chair
Academic Council

Copy: Martha Winnacker, Academic Senate Executive Director
January 14, 2010

HENRY POWELL, CHAIR
ACADEMIC COUNCIL

Re: UCPB Position Paper on Differential Fees and Non-Resident Tuition

Dear Harry,

The University Committee on Planning and Budget (UCPB) submits the enclosed position paper for consideration and adoption by the Academic Council. It summarizes past Senate statements on stratification, refers to UCPB’s Principles as endorsed last summer by the Academic Council, considers our recent discussion of differential fees by major, and in view of established Senate budget priorities extends this position to differential fees by campus, as well as to the question of non-resident enrollments.

Sincerely,

Peter Krapp
UCPB Chair

cc: UCPB
Martha Winnacker, Senate Executive Director
UCPB Position Paper on Differential Fees and Non-Resident Tuition

This position paper is proposed for adoption by the Academic Council, by way of extending established Senate policies (including past statements on stratification by campus, increasing the number of non-residents, and UCPB’s Principles document as endorsed by the Academic Council) that address budget priorities, along with principles for increasing revenues and cutting costs. The statement is intended as a framework to address proposals regarding differential fees, non-resident tuition, and other initiatives that may come our way, using existing Senate policy.

1. Differential Fees for Particular Majors

The Academic Council recently communicated its opposition to a recent UCOP proposal to charge differential fees for business and engineering majors. A significant part of the argument against the proposal was due to the absence of a concrete proposal documenting that instructional costs were actually higher for these majors and not others; the lack of a guarantee that increased revenues would flow to the units bearing the higher costs; and significant implementation concerns, including the impact of differential fees on student access to the affected majors and the likelihood that many students would take steps to avoid higher fees by either declaring a closely related major or delaying the declaration of their major. UCPB notes that campuses already use course materials fees to help cover material costs associated with the delivery of specific courses, but that general labor and maintenance costs required for basic campus operations cannot be reimbursed using these fees per UC policy. Of course UC might revisit that policy, and find that charging fees for specific costs incurred in the delivery of individual courses is a more transparent and direct means of covering higher costs associated with some courses. We do not, as a matter of principle, oppose using course materials fees for reimbursing the higher costs of delivering certain courses. However, we remain very concerned about unanticipated consequences (for personnel planning as well as for student diversity) of differential fees for certain majors. We continue to question whether the potential inefficiencies and adverse outcomes
can ever be worth the partial cost recovery. These and related implementation concerns point to substantial implications for academic planning that should not be underestimated.

Should UC ever find that it is impractical to recover costs on a per-course basis and instead opt for differential fees for clearly documented costs associated with certain majors, we would expect that the revenues from differential fees be directed fully to the units incurring the costs, and it also requires that these costs be *exogenous*, for lack of a better term. If there is simply no way to deliver instruction in a particular discipline without incurring significantly higher costs that are derived from external constraints (perhaps because they are necessary to maintain accreditation), it may be appropriate to reimburse these costs via student fees, and that same policy would have to apply throughout the UC system. We call these costs exogenous to distinguish them from *endogenous costs*—those that follow from discretionary decisions made by individual units.

Suppose there are two departments of astrology among the ten UC campuses. Suppose further that both have always hired only new PhDs as assistant professors, paying the same salary plus start-up package. One recognizes that it can become the premier astrology department in the U.S. by doubling start-up funding and paying substantially higher off-scale salaries to attract the most famous astrologers, and it proposes to fund this move to a higher quality level by charging differential fees. We oppose any such unilateral attempts to charge differential fees. Allowing one group of astrologers to charge more in the hope of improving quality, without a systemwide standard for funding astrology departments, creates a second-tier astrology department within the UC system. Yet would the astrologers at the now lower-quality department be held to the same standards for merits and promotions? They would be paid less, but be expected to achieve comparably in teaching, research, and service. – One is tempted to speculate that some astrologers would see this coming, and that they would simply all opt to charge the maximum, voiding the attempt to stratify. Put another way, differential fees would have to be imposed – as nobody would willingly charge less than the maximum, and such decisions must be made systemwide. Perhaps at some point (far above today’s levels) a few units may be willing to compete on price. As long as UC has very substantial student demand and large budget issues, UCPB does not believe that we are anywhere close to that inflection point.
UCPB acknowledges that quality is difficult to measure, and that maintaining equal funding for comparable units across the entire system creates many difficult measurement problems. We also acknowledge that the distinction between endogenous and exogenous costs is not a sharp one; however, these polar cases help illustrate the consequences for stratification that inevitably follow from differential funding. As a result, we cannot support differential fees that would provide the funding to support stratification.

2. Differential Fees by Campus
It follows immediately that UCPB opposes differential fees by campus; proposals for differential fees, whether based on costs or on demand, will openly or inadvertently lead to campus stratification. We warn against any schemes to charge undergraduates differentially according to their willingness to pay for certain programs on certain campuses. This notion appears to be based on a casual belief that graduates of such programs earn higher salaries (as seemed to be the case with engineering and business), or that recreational options, location, or other attributes makes certain campuses more desirable to some students than others.

Charging students more where demand is higher, in ways unrelated to exogenous costs, would recklessly undercut UC’s case for public funding – indeed it would threaten its very character as a public institution. Given that some campuses are more successful than others at enrolling a diverse student body, spending less per student at the more diverse campuses would be terrible for UC’s public reputation. What is the difference between UC and Stanford that justifies public support for UC, if UC were to charge differential fees according to estimations of future income or demand for particular campus/major combinations? (This is the “private good” model that UCB Professor Robert Reich described, in his remarks to the Gould Commission.) Moreover, how is the revenue to be spent? Any proposal to charge higher fees at some campuses, simply because the market will bear it, is a fundamental threat to UC’s existence as a single university with a single standard for excellence. If UC allowed revenues to be retained by the campus that happens to face greater demand, those campuses would be encouraged to use the differential fee revenues to increase quality relative to what other campuses can achieve.
UCPB also notes that differential fees would reinforce certain public (mis)perceptions of tiering within the UC system. If campuses were to be tagged as “discount” campuses by differential fees, their reputations would suffer further. Potential students would inevitably infer that less is spent on instruction per student at these campuses, and potential faculty members would assume that their faculty are paid less. In the long term, such perceptions might become reality. Surely no campus benefits if the reputation of the UC overall suffers. For all of these reasons, it is doubtful that any campus would ever want to charge less than the others; each campus is already over-enrolled. A recent example from England is relevant. After a period in which each university had been required to charge the same low tuition rate, universities were allowed to charge differential fees up to a maximum level. Although this was called a "variable" fee, virtually every university chose to charge the maximum, and plans to continue to charge the maximum even as this level is increased. Similarly, UCPB holds that it is highly unlikely that any UC campus would want to charge lower fees than other UC campuses to "attract more students." In short, it is reasonable to expect that every UC campus will match the highest "differential" every step of the way.

3. Non-Resident Tuition Revenues

We see a close parallel between proposals to increase the number of non-resident undergraduates and the differential fees question. For various historical reasons, some older campuses are better known outside California, and thus more likely to attract non-resident students. It is no surprise that there remains significant interest in increasing the number of non-residents, given declining state funding, as well as over-enrollment of unfunded resident students in the system, and UCPB supports the Senate’s August 2008 statement on the topic. Until the state funds more resident students, UCPB supports efforts to reduce systemwide over-enrollment down to zero, and maintain overall student numbers by increasing the number of non-resident students. Potentially, enrolling differential proportions of non-resident students by campus does not run the same risk of harming campus reputations as would differential fees. However, UCPB has serious misgivings about the recently introduced policy that allows campuses to retain all nonresident tuition they generate. To do so again allows (and even encourages) endogenous cost increases and stratification.
To put this formally, let $X$ denote the total of the state subsidy for in-state undergraduates and their fees. Let $Y$ denote the total paid by non-residents (fees plus tuition). A campus should not admit a non-resident for less than $X$, but the amount $Y$ minus $X$ represents additional revenue. Campus A could send that non-resident to campus B, and replace him/her with a resident, and experience no change in costs. Hence, any differential in the form $Y$ minus $X$ represents funding to increase quality at one campus relative to another. Quality differences thus follow as a direct consequence of different campus percentages of non-residents, unless revenues are pooled. As a precondition, we take it for granted that before campuses could charge differential fees, there would be a rebalancing of campus funding models so that beyond fixed costs, average funding for instruction per student would be the same at each campus.

4. **UCPB's recommendations**

UCPB recognizes that it is not always easy to make a case for sharing new fee revenues, although historically all fees have first gone to the Office of the President before being disbursed to campuses. It contrasts with the various campus development efforts, where nearly all would agree that gifts from donors that result from efforts by that campus should remain on that campus. Providing incentives to campuses, and letting them compete on a level playing field, is the path to excellence. However, our view is that demand by non-residents is not primarily due to current effort, but to long histories that include differential funding patterns. To allow non-resident tuition to remain on campuses generating the revenue is a return to decades of compounding differential investments in UC campuses, and threatens to lock in current differences for all time.

We see the same issue with differential fees that are not based on exogenous cost differences. To allow any campus to charge more in the expectation that it could increase quality would lock in a permanent difference in quality. Yet every UC campus follows the same Academic Personnel Manual, the same standard for excellence, and the same mission. We remain opposed to differential fees by major or campus, but at the same time we must recognize that the issue is before us already with non-resident tuition. It may take years to sort out implementation issues; the pressure to increase revenues will not await the resolution of such issues and the return of fiscal health to the state.
Currently, the top two budget priorities of the Academic Senate are funding Year 2 of the Faculty Salaries Plan (or similar), and substantially increasing retirement contributions to UCRS. The first item would cost roughly $100M, and our total UCRS structural deficit for the coming year is on the order of $2B. It is clear that the need for increased revenues is vast, relative to even the most optimistic scenarios for revenues from differential fees or non-resident tuition. Hence, we offer this recommendation concerning both differential fees and non-resident tuition (the Y-X portion): All such revenues that are above exogenous, clearly documented costs of delivering instruction shall be put into a common pool, to increase the quality of the whole UC system. UCPB recommends that all such revenues be centralized and allocated for these two purposes, namely faculty salaries and returning UCRS to fiscal health, although we would allow for the inclusion of other systemwide priorities after appropriate discussion in the Academic Senate.

Past Academic Council Statements Regarding Stratification

- [http://www.universityofcalifornia.edu/senate/assembly/may2007/as_stratification_resolution.0507.pdf](http://www.universityofcalifornia.edu/senate/assembly/may2007/as_stratification_resolution.0507.pdf)
- [http://www.universityofcalifornia.edu/senate/committees/council/stratification.0706.pdf](http://www.universityofcalifornia.edu/senate/committees/council/stratification.0706.pdf)
- [http://www.universityofcalifornia.edu/senate/reports/MC2Yudof_Campus%20stratification_FINAL.pdf](http://www.universityofcalifornia.edu/senate/reports/MC2Yudof_Campus%20stratification_FINAL.pdf)
- [http://www.universityofcalifornia.edu/senate/assembly/may2007/may07.vii5.pdf](http://www.universityofcalifornia.edu/senate/assembly/may2007/may07.vii5.pdf)
- [http://www.universityofcalifornia.edu/senate/committees/assembly.01.08.pdf](http://www.universityofcalifornia.edu/senate/committees/assembly.01.08.pdf)

UCPB’s Principles Document (Endorsed by Academic Council)


Academic Council Statement on the Restart of Contributions to UCRP, and Competitiveness of Total Remuneration

- [http://www.universityofcalifornia.edu/senate/reports/MC2Yudof_Restart%20UCRP%20FINAL.pdf](http://www.universityofcalifornia.edu/senate/reports/MC2Yudof_Restart%20UCRP%20FINAL.pdf)
March 3, 2008

ACADEMIC COUNCIL CHAIR BROWN

Re: UC Procedures Related to Nonresident Tuition

Dear Michael:

In response to your letter requesting information about the University’s policy related to nonresident enrollment and budget targets, please find enclosed Executive Vice President Lapp’s February 11th letter to the Chancellors establishing enrollment and revenue targets for campuses. Also enclosed is a statement of the background and specific actions associated with this change in budget procedures.

As stated in the letter, the changes in budgeting of nonresident enrollments and tuition were the result of two concerns. First, our agreement on enrollments with the State now distinguishes between students supported by the State and students supported by nonresident tuition. Because the State does not provide funding for over-enrollment of State-supported students, failure on the part of campuses to generate sufficient nonresident tuition revenue means that the University must cut budgets. Second, the faculty has expressed concern for several years about how nonresident tuition revenue is spent. In the past, nonresident tuition revenue was collected at the Office of the President and redistributed in the budget allocation process as part of pooled funds for inflationary block allocations for faculty and staff salaries and non-salary cost increases, as well as for other programs and initiatives. Because of this pooling, it was not possible to identify specific items funded from nonresident tuition.

The new procedures, which assign separate State-supported and nonresident student enrollment targets to campuses and allow campuses to keep the nonresident tuition revenue they generate, address several issues. First, they ensure that campuses clearly understand how many State-supported students they must enroll in order for the University to achieve the systemwide enrollment target set by the State. Second, they allow campuses to determine the appropriate level of nonresident enrollment, given campus priorities, and directly address any shortages in nonresident tuition revenue that occur. Campuses can reduce nonresident enrollment, although any such campus would need to adjust its budget to address any decline in nonresident tuition revenue. On the other hand, campuses can increase nonresident enrollment if able to do so and retain the additional revenue generated. Third, they allow campuses to identify spending priorities for the nonresident tuition generated.
If you have additional questions about nonresident enrollments and tuition revenue, I encourage you to contact Vice President Lenz.

Sincerely,

Wyatt R. Hume
Provost and Executive Vice President

Attachments

cc: Executive Vice President Lapp
    Vice President Lenz
    Vice President Sakaki
    Vice Provost Jewell
    Associate Vice President Obley
CHANCELLORS

In response to changes in the way the State budgets the University’s student enrollment as well as interest in making the collection and expenditure of nonresident tuition more transparent, the University is changing its internal budget processes to distinguish nonresident tuition funds from other general funds. This letter serves to notify you of changes we are making, including budget adjustments for the 2007-08 year, new nonresident enrollment targets, and additional clarifications.

The attached documents provide more detailed information about the changes, but in short, campuses are being assigned separate enrollment targets for State-supported and nonresident students. In addition, all budgeted nonresident tuition revenue will be allocated to campuses in exchange for General Funds. Campuses will control the expenditure of their own nonresident tuition revenue.

These changes are not without consequences for campuses. Campuses will become responsible for nonresident enrollments and tuition revenues. For several years, the University has faced a $20 million shortfall in nonresident tuition revenue. We have been able to cover part of this shortfall with central resources, but campuses have been allocated one-time cuts totaling $5 million during each of the last three years. For 2007-08, campuses are currently reporting a much smaller shortfall, and we will again help campuses cover the bulk of the shortfall with one-time funding. However, for the future, campuses will need to develop plans to either increase nonresident tuition revenue or handle shortfalls on their own.

Attached please find more detailed information, as well as a spreadsheet showing enrollment targets and funding actions for all campuses.

If you have any questions about these procedural changes and associated budget allocations, please contact Associate Vice President Obley.

Sincerely,

Katherine N. Lapp
Executive Vice President

Attachments
### 2007-08 NRT-Induced Graduate Academic Revenues (Cont'd.)

<table>
<thead>
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### June 1, 2007 NRT-Induced Revenue Funding

#### Summary

- **Total**: $109,899
- **Franchise**: $99,265
- **Practice**: $2,098
- **Tuition**: $806
- **Aid**: $1,451
- **Other**: $4,050
- **Total**: $84,900
- **Tuition**: $15,042
- **Aid**: $7,125
- **Other**: $62,775

### Observations

- The total budgeted revenue for June 1, 2007, is $109,899.
- Franchise revenue is the largest component at $99,265.
- Tuition revenue is the smallest at $806.
- Additional funding streams include aid and other sources.

#### Notes

- Funding is allocated to support various academic programs.
- Revenue targets are used to plan and allocate resources effectively.

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*University of California*

### 2007-08 NRT-Induced Graduate Academic Revenues (Cont'd.)

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*University of California*
Attachment 1

Actions to Budget Nonresident Enrollment and Tuition Revenue at the Campus Level

February 8, 2008

Background

- Beginning in 2006-07 and consistent with the State's policy not to provide funding for enrollment of nonresident students, in the 2006-07 Budget Act, the State established a systemwide enrollment target for the University for State-supported students separate from nonresident students.

- Until now, campuses have been assigned total enrollment targets without reference to State-supported versus nonresident enrollment.

- Furthermore, existing nonresident tuition revenue has been budgeted as general funds, and resides in the base budgets of the campuses and OP units. New nonresident tuition has been collected by campuses, gathered centrally, and redistributed as part of block allocations for base budget increases and other systemwide initiatives, rather than remaining on the campuses from which the revenue is generated. As part of the University's General Funds, nonresident tuition revenue helps support a wide range of University programs and activities, including faculty salaries and benefits, instructional support, libraries and academic support, general administration, and operation and maintenance of plant.

- For the last several years, due primarily to changes in State law and changes in the enrollment patterns of graduate students, the University has faced a significant annual shortfall in nonresident tuition revenue (nearly $20 million each year). Campuses have been assigned one-time cuts in General Fund budgets totaling $5 million for the last three years to help address this shortfall.

New Procedures Related to Nonresident Enrollment Tuition and Tuition Revenue

- Beginning in 2007-08, campus budgeted enrollment targets will distinguish State-supported students from non-State supported students.

- Campuses will retain existing revenues and any future increases in nonresident tuition generated by their own nonresident enrollments. Similarly, campuses will be responsible for addressing their own shortfalls in nonresident tuition revenue, when applicable.

- Campuses will have flexibility in spending nonresident tuition revenue. Because the State's official policy is not to provide support for nonresident students, campuses must fund instruction and instructional support costs of nonresident students using nonresident tuition, mandatory student fees, and other non-State sources.

Budget Actions for 2007-08

To initiate this change in procedures, the following budget actions are being taken:

1. For 2007-08, campus enrollment targets are being divided into separate CA resident and nonresident enrollment targets.

   o Nonresident targets identify specific targets for undergraduate, graduate academic, advanced to candidacy and professional students, for both general campus and health sciences. These specific figures are necessary for revenue estimation because of different tuition levels.

   o The systemwide 17,800 nonresident student target is being distributed to the campuses such that the enrollment shortfall during 2006-07 is distributed roughly proportionally, about 7.0% at each campus.
2. Permanent cuts of General Funds and corresponding permanent allocations of nonresident tuition are being assigned to campuses based on projected revenue from the assigned nonresident enrollment targets.

3. To help campuses address a shortfall in nonresident tuition revenue during 2007-08, the Office of the President will make one-time allocations of lottery funds and/or additional general funds.

4. EAP will be required to transfer to the campuses any nonresident tuition generated from nonresident enrollment in EAP to the campuses from which the nonresidents enrolled, instead of returning nonresident tuition to UCOP at the end of the year.

5. Three fund numbers have been developed to distinguish revenue from undergraduate, graduate academic and graduate professional students. These fund numbers are as follows:

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<th>19942</th>
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<tr>
<td>19944</td>
<td>Graduate Professional</td>
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</tbody>
</table>

Further Clarifications

1. Future allocations of State marginal cost funds will be distributed to campuses based on increases in "State-supported" enrollments.

2. Future allocations of Educational Fee funds will be based on increases in total enrollment targets (both State-supported and nonresident).

3. In the future, campuses choosing to increase nonresident enrollments will keep additional nonresident tuition generated.

4. Nonresident enrollment and revenue targets will be revisited annually. Campuses will have opportunities to shift nonresident enrollments across categories and/or increase or decrease nonresident enrollment and revenue targets. If a campus chooses to reduce its nonresident enrollment target, the campus will be responsible for the lost revenue.

5. Campuses will have flexibility in spending nonresident tuition funds. Campuses will be responsible for providing resources to cover instructional costs (faculty salaries, instructional equipment, library services, etc.) for nonresident students as well as necessary student financial support. Campuses are also encouraged to use nonresident tuition revenue to support the instruction of graduate students.

6. Budgeted faculty positions will continue to be based on total enrollment. Campuses must maintain existing budgeted student-faculty ratios and an 18.7:1 student-faculty ratio for enrollment growth.

7. Space planning analyses will continue to include nonresident enrollments.

8. Clarification of overenrollment policy:
   - adjustments to State marginal cost funds will be based on State-supported enrollments;
   - adjustments to Educational Fee funds will continue to be based on total enrollment.

Who Counts as State-supported?

*Included:*

- Students Who Establish California Residency under Statute – Students who enter the University as California residents or who establish residency consistent with Regental policy or State statute before the third week census are included in counts of State-supported students.

- Students Eligible for Nonresident Tuition Waivers and Exemptions by Statute – Since the State establishes waivers for various groups, such as active duty military members and their
dependents, dependents of deceased law enforcement officers and fire fighters, and graduates of California high schools (AB 540), the Budget Office includes these students in counts of State-supported students in determining whether the University has met the State-supported enrollment target established by the State.

- **Students Enrolled in Summer Instruction** – Since the University does not at present charge nonresident tuition for summer instruction, statutory nonresident UC students enrolled during the summer are treated as state-supported.

- **Health Science Residents**.

*Excluded:*

- **Nonresident Academic Graduate Students Advanced to Candidacy** – Since the University, rather than the State, chose to eliminate nonresident tuition for nonresident academic graduate students advanced to candidacy, these students still count as nonresidents in the eyes of the State. Accordingly, the Budget Office will continue to exclude these students from counts of State-supported students in determining whether the University has met the State-supported enrollment target established by the State.

- **All Other Nonresident Students**.

<table>
<thead>
<tr>
<th>&quot;State-supported&quot; Budget</th>
<th>Nonresident Budget</th>
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<tbody>
<tr>
<td>o Students who establish California residency under statute</td>
<td>o Nonresident academic graduate students advanced to candidacy</td>
</tr>
<tr>
<td>o Students eligible for nonresident tuition waivers and exemptions by statute</td>
<td>o Other nonresidents</td>
</tr>
<tr>
<td>o Students enrolled in summer (regular UC students only)</td>
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</tbody>
</table>
PRESIDENT MARK YUDOF  
UNIVERSITY OF CALIFORNIA  

Re: Principles for Non-Resident Undergraduate Enrollment at the University of California

Dear Mark:

At its July 29 meeting, the Academic Council unanimously endorsed the enclosed set of principles to help guide the University’s decisions about the enrollment of domestic and international non-resident undergraduates. The Principles were originally proposed by the Board of Admissions and Relations with Schools (BOARS) and underwent a systemwide Senate review in the spring and summer of 2009.

The Academic Council understands that you, Regent Gould’s UC Commission on the Future, the Enrollment Management Council, and other University agencies will be considering the important question of whether to increase the enrollment of non-resident undergraduates as part of the solution to UC’s fiscal crisis. As this question is being considered, we urge you to seek a balance between the potential fiscal benefits of such a move and the University’s commitment to California residents, remembering that UC has historically served as an engine of social mobility that not only lifts the state economy, but also serves growing underrepresented populations who desire and deserve access to higher education.

For its part, BOARS remains committed to upholding the ideal of merit-based admissions through comprehensive review and the articulation of the University’s commitment to California residents, even as fiscal pressures force campuses to consider increasing non-resident enrollment and admitting more tuition-bearing non-residents.

We look forward to working with you, the Enrollment Management Council, and the Commission on this issue. Please do not hesitate to contact me if you have any questions.

Sincerely,

Mary Croughan  
Chair, Academic Council
Copy: Lawrence Pitts, Interim Provost and Executive Vice President of Academic Affairs
Martha Winnacker, Academic Senate Executive Director
Academic Council
John Sandbrook, Interim Chief of Staff

Enclosure: 1
Preamble: Balancing Objectives

The University of California is a global educational presence, and so it is natural that UC campuses will attract and want to enroll students from many different parts of the United States and the world. At the same time, increases in California undergraduate applications show high demand for a UC education has grown over the years and will likely continue at high levels even in the wake of the decline of the college-age population in the state. Moreover, in February 2008, UC’s internal budgeting processes were changed to distinguish between non-resident tuition (NRT) funds (collected and expended locally) from other general funds (distributed centrally). UCOP began assigning separate enrollment targets to campuses for state-supported and non-resident undergraduates, which allow campuses to determine the appropriate level of non-resident enrollment, and in accordance with campus priorities, to increase or reduce NRT revenue accordingly. UC’s stricter adherence to the state enrollment target is clearly an attempt to align state support more closely with the number of California residents enrolled, as UC was over-enrolled by some 11,000 students systemwide in 2008-09. Whereas, the University and the state of California now faces an era of severe budget constraint, increases in the enrollment of international and non-resident students may become a partial solution to UC’s fiscal crisis, and discussions about appropriate levels of non-resident enrollment will likely continue in the context of a broader discussion about how to return the University to a sound fiscal basis. UC must seek a balance between fiscal concerns, its goal of enrolling a broad range of undergraduates, and its commitment to serving California residents, particularly its role as an engine of social mobility to lift the state economy and serve underrepresented populations who continue to grow in number and who desire and deserve access to UC.

These principles were developed by BOARS in response to changes in February 2008, and discussed during 2008-09 as fiscal concerns heightened. A chief concern was the intent to uphold the ideal of merit through comprehensive review processes over fiscal pressures to select non-residents over qualified CA residents, and to continue to articulate UC’s commitment to California residents through its decision-making processes even as we increase non-resident enrollment in the future. In April 2009, Academic Council referred the principles for systemwide campus Senate review in which campus-based and Senate committees indicated support for the guidelines and suggested revisions; some articulated the need for a potential cap or “reasonable limit” on non-resident enrollment. Such a significant policy change would require broader discussions about the future of UC, thus the current guidelines are intended to guide the selection and rationale for non-resident enrollment practices in a rapidly changing context. In July 2009, BOARS met with all admissions directors who also opined on the guidelines, and Academic Council suggested additional changes and subsequently approved the guidelines.
We submit the following set of principles to help guide decisions about the enrollment of international and domestic non-resident students:

1. Overall, UC’s undergraduate enrollment decisions should strive to maximize educational quality and diversity, and to protect accessibility and affordability for California residents. At the same time, we should not enroll California residents for whom we do not have state funding.

2. Individual campuses should match enrollment to resources and consider carefully the impact of additional enrollment on educational quality before deciding to admit more non-resident students.

3. Enrolling a geographically diverse student body has a legitimate educational value, but non-resident enrollment should not be used exclusively as a revenue-producing strategy to the detriment of resident access and the loss of UC’s character as a California university.

4. UC is committed to providing education to the citizens of California. Racial, ethnic and cultural diversity is now a defining part of the state’s population. UC’s enrollment policy should seek to increase representation of California’s diverse demographic communities through the enrollment of California resident freshmen and transfer students; and the enrollment of international and non-resident domestic students should not obscure the extent to which this diverse representation of in-state residents is or is not achieved.

5. Fiscal considerations should not be a primary factor guiding the review of files or admissions decisions on individual cases at any UC campus.

6. Non-resident domestic and international students should demonstrate stronger admissions credentials than California resident students by generally being in the “upper half of those ordinarily eligible” as stated in the Master Plan.

7. Undergraduate NRT revenues should continue to fund undergraduate programs and students in ways that enhance, or at least maintain the availability and quality of courses and academic programs, student services, and financial aid for resident undergraduates. Campuses have flexibility in the use of NRT funds for other aspects of their budget, but we encourage its traditional use for academic areas as when it remained part of the general fund allocation.