

STUDENT FEES

Overview

There are two mandatory systemwide fees currently assessed all registered students: the Educational Fee and the University Registration Fee. Income from these two fees is used to support student financial aid, student services programs, and a share of the University's operating costs, including instruction-related costs.

In the early 1990s, mandatory systemwide student fees increased dramatically as one of the many ways in which the University was able to weather the State's fiscal difficulties. As the State emerged from its economic difficulties, the Governor and the Legislature placed a renewed priority on higher education and provided additional revenue to the University to keep fee levels from increasing. As a result, there have been no increases in mandatory systemwide student fees since 1994-95. In 1998-99, consistent with Assembly Bill 1318 (Chapter 853, Statutes of 1997), mandatory systemwide fees for California resident undergraduate students were reduced by 5% (\$190). For California resident graduate and professional school students, as well as for all nonresident students, these fees were maintained at the 1997-98 levels. In 1999-2000, the State provided the University with revenue equivalent to what would have been generated had mandatory systemwide fees been increased by 4.1% (the estimated growth in California per capita personal income), eliminating the need to increase these fees in 1999-2000. In addition, the State provided sufficient funds in 1999-2000 to: (1) reduce mandatory systemwide fees by an additional 5% for California resident undergraduate students (with the result that 1999-2000 fees were about 10% below 1994-95 levels); and (2) reduce mandatory systemwide fees by 5% for California resident graduate academic students. The fee reduction was not applicable to graduate students who are subject to the Fee for Selected Professional School Students. In 2000-01 and again in 2001-02, the State eliminated the need to increase student fees by providing the University with revenue equivalent to the amount that would have been generated had mandatory systemwide fees been increased by the estimated growth in California per capita personal income—4.5% in 2000-01 and 4.9% in 2001-02.

The Partnership Agreement recognizes that programs funded from student fee income must also receive cost increases for salaries, benefits, and cost

adjustments to those portions of the budget funded by student fee revenue and specifies that they should be funded either through an increase in student fee equivalent to the rate of increase in California per capita personal income or the State will provide the equivalent in funding to avoid the student fee increase. In each of the last seven years, the State has chosen to provide funding to avoid increases in student fees.

Given the State's commitment to avoid fee increases for the last seven years, and an indication from the Department of Finance that the Governor continues to support buyouts of student fee increases, the University's 2002-03 budget plan assumes that the State will once again provide funding to avoid fee increases in both mandatory systemwide student fees and in professional school fees, equivalent to a 7.82% increase for 2002-03. This percentage increase is equal to the estimated rise in California per capita personal income in 2000, consistent with the funding principles of the Partnership. However, the State's weakened fiscal situation may mean the University is faced with base budget cuts in 2002-03. Depending on the severity of such cuts, the University's initial position on avoiding fee increases in 2002-03 may need to be re-evaluated. Display 1 (next page) shows fee levels for resident undergraduate and graduate students from 1978-79 through 2002-03 (estimated).

All students seeking specified degrees in medicine, dentistry, veterinary medicine, law, business/management, pharmacy, optometry, nursing, and theater/film/television (at the Los Angeles campus only) are required to pay a professional school fee, as provided in the Fee Policy for Selected Professional School Students approved by The Regents in January 1994. In addition to reducing fees for resident undergraduate students, AB 1318 (Ducheny, 1997) put into place a two-year freeze on fees for students enrolled in graduate or professional school programs; as a result, fees for these students were kept at 1997-98 levels. In 2000-01 and again in 2001-02, the Governor proposed, and the Legislature approved, additional funding of \$1.4 million in 2000-01 and \$1.5 million in 2001-02 for the University in lieu of increasing professional school fees, net of financial aid, so that programs from these fees could be cost-adjusted. The 2002-03 budget plan assumes the State will provide funding equivalent to a 7.82% increase in professional fees, net of financial aid, for salaries, benefits, and other cost adjustments to portions of the budget funded by professional fee revenue.

Display 1

UNIVERSITY OF CALIFORNIA
STUDENT FEE LEVELS, 1978-2002

	Average Annual Fees per Resident Undergraduate Student				Average Annual Fees per Resident Graduate Student				Total Fees (e) *	
	Reg. Fee	Educ. Fee	Ed/Reg Fees Combined	Miscellaneous Fees (a)	Reg. Fee	Educ. Fee	Ed/Reg Fees Combined	Miscellaneous Fees (a)		
1978-79	\$ 371	\$ 300	\$ 671	\$ 49	\$ 720	\$ 371	\$ 360	\$ 731	\$ 38	\$ 769
1979-80	385	300	685	51	736	385	360	745	39	784
1980-81	419	300	719	57	776	419	360	779	45	824
1981-82	463	475	938	60	998	463	535	998	45	1,043
1982-83	510	725	1,235	65	1,300	510	785	1,295	51	1,346
1983-84	523	792	1,315	72	1,387	523	862	1,375	58	1,433
1984-85	523	722	1,245	79	1,324	523	782	1,305	63	1,368
1985-86	523	722	1,245	81	1,326	523	782	1,305	64	1,369
1986-87	523	722	1,245	100	1,345	523	782	1,305	82	1,387
1987-88	570	804	1,374	118	1,492	570	804	1,374	100	1,474
1988-89	594	840	1,434	120	1,554	594	840	1,434	125	1,559
1989-90	612	864	1,476	158	1,634	612	864	1,476	222	1,698
1990-91	673	951	1,624	196	1,820	673	951	1,624	482	2,106
1991-92	693	1,581	2,274	212	2,486	693	1,581	2,274	557	2,831
1992-93	693	2,131	2,824	220	3,044	693	2,131	2,824	608	3,432
1993-94	693	2,761	3,454	273	3,727	693	2,761	3,454	703	4,157
1994-95	713	3,086	3,799	312	4,111	713	3,086	3,799	786	4,585
1995-96	713	3,086	3,799	340	4,139	713	3,086	3,799	836	4,635
1996-97	713	3,086	3,799	367	4,166	713	3,086	3,799	888	4,687
1997-98	713	3,086	3,799	413	4,212	713	3,086	3,799	923	4,722
1998-99	713	2,896	3,609	428	4,037	713	3,086	3,799	839	4,638
1999-2000	713	2,716	3,429	474	3,903	713	2,896	3,609	969	4,578
2000-01	713	2,716	3,429	535	3,964	713	2,896	3,609	1,138	4,747
2001-02 (excl. health ins)	713	2,716	3,429	430	3,859	713	2,896	3,609	1,305	4,914
2001-02 (incl. health ins)	713	2,716	3,429	917	4,346	713	2,896	3,609	1,305	4,914
2002-03 (excl. health ins)	713	2,716	3,429	480	3,859	713	2,896	3,609	1,305	4,914
2002-03 (incl. health ins)	713	2,716	3,429	917	4,346	713	2,896	3,609	1,305	4,914

Notes:

- (a) Represents the average of fees charged by the nine campuses.
- (b) The \$375 annual Special Fee for Law and Medicine is not included in figures shown.
- (c) The Fee For Selected Professional School Students is not included in figures shown.
- (d) Beginning in 1998-99, campus miscellaneous fees are calculated on a weighted basis using enrollments. Miscellaneous fee levels include charges for waivable mandatory student health insurance established through student referendum at the Berkeley and Santa Cruz campuses.
- * Total fees are the sum of the Ed/Reg Fees combined and estimated campus miscellaneous fees, which are higher for graduate students.

Finally, in addition to all mandatory systemwide fees, campus-based fees, and any applicable professional school fees, nonresident students must pay nonresident tuition. For 2001-02, the nonresident tuition is \$10,704. The University's 2002-03 budget plan includes a proposal to increase nonresident tuition by \$428, consistent with State policy (described in more detail later in this chapter). Assuming no increase in mandatory systemwide fees, with the proposed increase in nonresident tuition, the increase in total 2002-03 charges will be less than 3% for nonresident students.

History of Student Fees

Student Fees in the 1980s

In 1981-82 and 1982-83, reductions to the University's State-funded budget resulted in significant increases in fee levels, and student fees were used to fund programs previously supported from other sources, primarily State funds. In 1984-85, the State reversed the pattern of annual fee increases by approving a \$70 per student reduction in student fees. In 1985, the State adopted a long-term student fee policy that provided for gradual and moderate fee increases and established guidelines for fee increase calculations, financial aid, notification to students of fee increases, and consultation with students.

In 1985-86 and again in 1986-87, mandatory systemwide student fees were held to their 1984-85 levels. In each of these three years, the State provided an increase in General Funds for student financial aid which, in turn, released an equivalent amount of student fee income to offset the 1984-85 fee reduction and to compensate for the impact of inflation on student services programs for those three years. In 1987-88, 1988-89, and 1989-90, student fees were increased by about 10%, 4%, and 3%, respectively.

Student Fees 1990-91 through 1994-95

Historically, the combination of adequate State support and low student fees maintained the affordability of the University; financial aid programs also helped to maintain access for needy students. The commitment to low fees was eroded by the State's severe fiscal difficulties in the early 1990s and the resulting dramatic decline in State support for the University. The shortfalls in State funding were accommodated in three ways: about half through budget cuts, roughly a quarter by not providing employees with cost-of-living salary adjustments, and another quarter through general student fee

increases. Thus, there was considerable volatility in fee increases during the early 1990s.

Mandatory systemwide fees increased significantly during the three-year period between 1990-91 and 1993-94. In 1994-95, when State support for the University's budget was still severely constrained, the University was nevertheless able to hold the fee increase to 10%. A higher increase had been proposed in order to generate sufficient revenue to fund the budget; instead the State authorized the use of \$25 million in debt financing for deferred maintenance, thereby releasing General Funds previously budgeted for deferred maintenance that could then be used to support the budget and keep the fee increase to 10%. Throughout this period, fees were accompanied by significant increases in financial aid that helped offset the impact of the fee increases on needy students. The commitment to financial aid, which is addressed in the *Student Financial Aid* chapter of this document, has helped maintain the affordability of a UC education.

Student Fees 1995-96 through 2001-02

The 1995 Governor's Budget proposed a four-year Compact with higher education, with a goal of providing fiscal stability to the University after years of budget cuts and allowing for growth through a combination of State General Funds and student fee revenue. The Compact included the expectation that General Fund budget increases averaging 4% per year over the four-year period would be provided. The Compact also anticipated general student fee increases averaging 10% a year, as well as additional fee increases for students in selected professional schools.

During the Compact, the State provided the University with additional revenue above the proposed Compact levels to "buy out" the annual student fee increases. In addition, in 1998-99, the State provided sufficient funds to maintain fees at the 1997-98 levels (thereby avoiding a fee increase of 10%) and to reduce mandatory systemwide student fees by 5% for resident undergraduate students, consistent with AB 1318.

In 1999-2000, consistent with the new Partnership Agreement, the State provided sufficient funds to avoid the need for a 4.1% student fee increase and, beyond that, to reduce mandatory systemwide student fees by an additional 5% for resident undergraduate (resulting in a total reduction over a two-year period of 10%) and by 5% for graduate academic students.

In 2000-01 and again in 2001-02, the State eliminated the need to increase student fees by providing the University with revenue equivalent to the amount that would have been generated had mandatory systemwide fees been increased by the estimated growth in California per capita personal income—4.5% in 2000-01 and 4.9% in 2001-02.

For 2001-02, University fee levels for undergraduate resident students (excluding health insurance fees) are approximately \$1,726 less than the average fees for the University's four public salary comparison institutions. In addition, University fees for resident graduate students continue to be below the average fees charged at the University's four public salary comparison institutions. The University's fees for nonresident undergraduate and graduate students also remain less than the average fees for the comparison institutions. Display 2 shows the average resident and nonresident fees charged at the University's four public comparison institutions.

Display 2

University of California and Public Salary Comparison Institutions Student Fees				
	<u>Undergraduate</u>		<u>Graduate</u>	
	Resident	Nonresident	Resident	Nonresident
Public Salary Comparison Institutions 2001-02 Fees				
University of Illinois	\$5,754	\$13,574	\$6,414	\$14,298
University of Michigan	\$7,375	\$22,405	\$11,523	\$23,163
State University of New York	\$4,790	\$9,690	\$6,118	\$9,434
University of Virginia	\$4,421	\$18,453	\$5,178	\$18,268
2001-02 Average Fees of Comparison Institutions	\$5,585	\$16,031	\$7,308	\$16,291
2001-02 Average UC Fees (excluding undergraduate health insurance fees)	<i>\$3,859</i>	<i>\$14,933</i>	<i>\$4,914</i>	<i>\$15,808</i>
2001-02 Average UC Fees (including undergraduate health insurance fees)	<i>\$4,346</i>	<i>\$15,420</i>	<i>\$4,914</i>	<i>\$15,808</i>
2002-03 Estimated Average Fees for Public Salary Comparison Institutions	\$5,864	\$16,832	\$7,674	\$17,105
2002-03 Estimated Average UC Fees with no increase in Systemwide Fees (excluding undergraduate health insurance fees)	\$3,859	\$15,361	\$4,914	\$16,286
2002-03 Estimated Average UC Fees with no increase in Systemwide Fees (including undergraduate health insurance fees)	\$4,346	\$15,848	\$4,914	\$16,286

For 2001-02, the mandatory systemwide fees paid by resident undergraduate students are about 21% of the actual cost of their education, with the State providing most of the remainder.

As fees have increased over time, the percentage of additional fee income dedicated to financial aid has increased commensurately, from 16% 13 years ago to 33% at present. Financial aid provided to UC students through the Cal Grant program also has increased. Funds from the Cal Grant program and financial aid provided from student fee revenue helped cover fee increases for UC students who demonstrated financial need.

During the period when fees increased, the percentage of new freshmen from low-income families—those with less than \$30,000 in parental income—did not decline. In the fall of 1998, the University enrolled about the same proportion of new freshmen from low-income families as it did in fall 1991. The *Student Financial Aid* chapter of this document provides a full discussion of financial aid, including State, federal, private, and University sources.

Policy on Adjustment of Student Fee Levels

In 1985, the State adopted a long-term student fee policy which provided for gradual and moderate fee increases and established guidelines for fee increase calculations, financial aid, notification to students of fee increases, and consultation with students. In addition, the policy provided for fee increases of up to 10% when expenditures were projected to exceed available State revenues. Although The Regents adopted the policy in 1985, it was routinely suspended beginning with the 1991-92 budget. The policy was not reauthorized by the Legislature and is no longer in effect.

At their meetings in October and November 1993, The Regents discussed the need to establish a new student fee policy coupled with a formal financial aid policy. These discussions were held within the context of reduced State financial support for the University and an anticipated dramatic increase in student demand over the next 15 years. During these discussions, the necessity to generate additional revenue in order to maintain the academic quality of the University, as well as student access, was acknowledged. It was also recognized that, for California resident students, funding the cost of a UC education is a shared responsibility among the State, the students, and their families. Further, because student fees cover only a portion of the cost to educate students, it was understood that all students receive a substantial

State subsidy, including those from high-income families who have the resources to contribute more. Data from a 1997-98 survey (the most recent year for which data are available) of students' expenses and resources indicate that about a third (34.1%) of undergraduates had parents with incomes above \$72,000, while about 21% had incomes of \$96,000 and above.

In January 1994, based on extensive discussions with the State and within the University community, The Regents approved a Student Fee and Financial Aid Policy that applies to the Educational Fee and University Registration Fee. The policy recognizes that the commitment to low fees has been eroded by dramatic declines in State support, and specifically authorizes the use of Educational Fee revenue for general support of the University, including costs related to instruction. A goal of the policy is to maintain access to a quality educational experience at the University for low- and middle-income students without unnecessarily subsidizing high-income students.

Under the policy, the Educational Fee continues to be a mandatory charge assessed to all resident and nonresident students. The policy calls for the Educational Fee to be established annually, based on the following factors: (1) the resources necessary to maintain access under the Master Plan, to sustain academic quality, and to achieve the University's overall missions; (2) the amount of support available from various sources to assist needy students in funding the cost of their education; (3) overall State General Fund support for the University; and (4) student charges at comparable public institutions. Income from the Educational Fee is used for the general support of the University's operating budget, including costs related to instruction. The policy also established a methodology for setting annual University Registration Fee levels that may vary among the campuses within a range established annually by The Regents. Finally, to assist students and their parents in planning for future educational expenses, the policy provides for recommendations annually to the Board concerning the proposed levels for the Educational Fee and the University Registration Fee for the next academic year.

Educational Fee

The Educational Fee was established in 1970. Though use of revenue from the Educational Fee initially was designated primarily for capital outlay purposes, in subsequent years, an increasing proportion of the Fee was

allocated for student financial aid. In 1976, The Regents adopted a policy that Educational Fee income was to be used exclusively for support of student financial aid and related programs. The Regents modified that policy in 1981 following a reduction in State General Fund support. As a result, the Educational Fee, which continued to fund student financial aid and related programs, also began to support social and cultural activities, counseling and career guidance, supplemental education (e.g., academic tutoring), and overhead (i.e., operation and maintenance of plant and general administration) associated with student services activities.

In 1994, The Regents adopted a policy permitting the use of Educational Fee revenue for general support of the University's operating budget, including costs related to instruction. As discussed earlier, the policy also established a methodology for setting annual Educational Fee levels.

University Registration Fee

The University Registration Fee is a charge made to each registered student for services that are necessary to students but not part of the University's programs of instruction, research, or public service. Included in these services are activities such as counseling, academic advising, tutorial assistance, cultural and recreational programs, and capital improvements that provide extracurricular benefits for students. Chancellors are authorized to determine specific allocations of Registration Fee income on their campuses, within appropriate University policies and guidelines. Each campus has a Registration Fee Committee, which includes a majority of student members, to advise the Chancellor on pertinent issues.

Between 1977-78 and 1988-89 the Registration Fee level differed by campus in order to allow each campus to meet specific program needs. This approach included the expectation that the Registration Fee could be increased differentially, up to a universitywide ceiling, to meet future campus needs. However, the Registration Fee was frozen from 1984-85 through 1986-87. In 1987-88, the University began moving toward a uniform Registration Fee level among the campuses, a goal achieved in 1989-90.

The Student Fee and Financial Aid Policy approved by The Regents in January 1994 no longer required the Registration Fee to be uniform across campuses. Because there have been no increases in mandatory systemwide fees and the reductions in mandatory student fees implemented in 1998-99

and 1999-2000 were not applied to the Registration Fee, the Registration Fee level has remained the same since 1994-95. In lieu of increases in the Registration Fee, programs supported by the Registration Fee continue to receive inflationary adjustments, funded from State General Funds, equivalent to what is provided to General Fund and Educational Fee-funded programs (e.g., cost-of-living and merit salary increases, and price increases).

Fee for Selected Professional School Students

Pursuant to the provisions of the 1990 State Budget Act, a Special Fee for Law School and Medical School Students of \$376 per year was implemented, effective as of 1990-91.

In January 1994, The Regents approved a Fee Policy for Selected Professional School Students. In approving the new fee policy, the University reaffirmed its commitment to maintain academic quality and enrollment in the designated professional school programs, and recognized that earning a degree in these programs benefits the individual as well as the state. The policy provides that the fee for each selected professional program will be phased in to approximately the average of fees charged for that program by comparable high quality institutions across the nation. Until the fee is fully phased in, the level of the fee remains the same for each student for the duration of his or her enrollment in the professional degree program, with increases in the fee applicable to new students only. In addition, professional school students pay mandatory systemwide fees and miscellaneous campus-based fees and, when appropriate, nonresident tuition. The Special Fee for Law and Medical school students is now coordinated with the Fee for Selected Professional School Students. Display 3 (next page) shows the fee levels previously approved by The Regents.

In 1997, AB 1318 (Chapter 853) was enacted, which, among its provisions, specified a two-year freeze on fees for California residents enrolled in graduate academic or professional school programs. Thus, the planned professional school fee increases for 1998-99 that were previously reviewed by The Regents were not implemented. Since that time, it has been the policy of the Governor and the Legislature to continue to avoid fee increases, including increases in professional school fees. Therefore, professional school fees remain at the 1997-98 levels.

Display 3

Fees for Selected Professional School Students				
Annual Fee Levels by Year of First Enrollment*				
	1994-95	1995-96	1996-97	1997-98
Medicine	\$2,376	\$3,376	\$4,376	\$5,376
Dentistry	2,000	3,000	4,000	5,000
Veterinary Medicine	2,000	3,000	4,000	4,000
Law	2,376	4,376	6,376	6,376
Business	2,000	4,000	6,000	6,000
Riverside	2,000	3,000	4,000	5,000
Optometry			2,000	3,000
Pharmacy			2,000	3,000
Nursing			1,500	1,800
Theater, Film, & TV			2,000	2,000

* In addition, professional school students pay mandatory systemwide fees and miscellaneous campus-based fees.

In 2000-01 and again in 2001-02, the Governor proposed, and the Legislature approved, additional funding of \$1.4 million in 2000-01 and \$1.5 million in 2001-02 for the University in lieu of increasing professional school fees, so that programs supported from these fees could be cost-adjusted. These increases were equivalent to a 4.5% and 4.9% increase respectively in professional school fees, net of financial aid.

New revenue from the Fee for Selected Professional School Students will be generated in 2002-03 from new students paying previously approved fees. However, because the fee levels for all affected programs have been fully phased in and enrollment increases in professional programs are small, the amount of new professional fee revenue will be minimal.

Display 4 shows 2001-02 professional school fees at the University of California in relation to the University's four public salary comparison institutions. In every case, the fees for resident students enrolled in these selected professional schools are lower than the average of the tuition and fees charged by comparable public institutions. Because most of the University's four public salary comparison institutions do not offer degree programs in Veterinary Medicine and Optometry, additional public institutions are used for fee comparison purposes.

The differential between UC fees for these programs and the tuition and fees charged at comparable public institutions has grown significantly over the

Display 4

UNIVERSITY OF CALIFORNIA
2001-02 FEES FOR SELECTED PROFESSIONAL SCHOOL STUDENTS

	Under-graduate	Graduate	Medicine	Dentistry	Veterinary Medicine	Law	Business Admin.	Optometry	Pharmacy	Nursing	Theater, Film & TV
University of California Current 2001-02 Fees											
Educational Fee, University Registration Fee, and Average Miscellaneous Fees for Selected Professional School Students	\$ 3,859 *	\$ 4,914	\$ 5,062	\$ 4,886	\$ 7,002	\$ 4,799	\$ 5,193	\$ 4,123	\$ 4,909	\$ 4,820	\$ 4,740
Total Fees for 2001-02 (excl. health ins.)	\$ 3,859 *	\$ 4,914	\$ 5,376	\$ 5,000	\$ 4,000	\$ 6,376	\$ 6,000 **	\$ 3,000	\$ 3,000	\$ 1,800	\$ 2,000
Comparison Institution Fees											
Current 2001-02 Fees											
Public Salary Comparison Institutions											
University of Illinois	\$ 5,754	\$ 6,414	\$ 19,374	\$ 13,370	\$ 11,090	\$ 11,332	\$ 13,564		\$ 10,142	\$ 6,414	\$ 6,414
University of Michigan	\$ 7,375	\$ 11,523	\$ 19,331	\$ 17,665		\$ 23,349	\$ 25,685		\$ 13,863	\$ 11,523	\$ 11,523
State University of New York	\$ 4,790	\$ 6,118	\$ 11,870	\$ 11,980		\$ 10,180	\$ 6,090		\$ 9,840		\$ 6,118
University of Virginia	\$ 4,421	\$ 5,178	\$ 15,450			\$ 18,090	\$ 22,283			\$ 5,178	
Additional Fee Comparison Institutions for Selected Programs											
University of Alabama								\$ 7,560			
Michigan State University											
University of Minnesota								\$ 15,529			
University of Missouri								\$ 10,400			
Ohio State University											
University of Wisconsin											
Average Public Comparison Institution	\$ 5,585	\$ 7,308	\$ 16,506	\$ 14,338	\$ 12,497	\$ 15,758	\$ 16,906	\$ 11,163	\$ 11,282	\$ 7,705	\$ 8,018
Total Fees											
Private Salary Comparison Institutions											
Harvard University	\$ 26,039	\$ 24,854	\$ 30,547			\$ 28,316	\$ 31,945				
Massachusetts Institute of Technology	\$ 26,960	\$ 26,960				\$ 30,127	\$ 31,731				
Stanford University	\$ 25,917	\$ 26,646	\$ 32,497			\$ 29,800	\$ 28,930				
Yale University	\$ 26,100	\$ 23,650	\$ 30,900								

* Excludes undergraduate student health insurance fees. Effective Fall 2001, undergraduate students must demonstrate proof of insurance to enroll.
** Except the Riverside campus which charges \$5,000 per MBA student per year.

past four years, ranging from \$1,085 in Nursing to as much as \$6,083 in Medicine. The greatest differentials are seen in Medicine, Business, and Law, but significant differentials are found in Dentistry, Optometry and Pharmacy as well.

For information only, the table also shows the 2001-02 tuition and fees at the University's four private salary comparison institutions. The private comparison institutions do not offer all of the professional degree programs that UC offers, therefore the comparisons focus on medicine, law, and business administration.

Due to a concern about the ability of students with high debt to pursue public interest occupations, some professional schools have developed programs to assist students in meeting their loan repayment obligations after graduation. The University will continue to monitor the debt levels of students.

Nonresident Tuition

Consistent with the statewide policy on nonresident tuition, the University's 2002-03 budget plan includes an increase of \$428 (4.0%) in nonresident tuition. This increase is expected to generate about \$6 million in new revenue.

With the proposed increase in nonresident tuition, assuming there is no increase in mandatory systemwide fees, the University's total 2002-03 charges for nonresident undergraduate students who purchase health insurance will be \$15,848. The University's total charges for nonresident graduate students will be \$16,236. These figures are less than the projected average of tuition and fees charged at the University's four public salary comparison institutions by \$984 for nonresident undergraduate students and \$869 for nonresident graduate students. Display 2 (depicted earlier in this chapter) shows the 2002-03 projected average nonresident tuition and fees for students at the four public salary comparison institutions. Consistent with State policy, future increases in UC nonresident tuition are anticipated to keep the University's charges near the average nonresident tuition and fees charged at comparison institutions.

University of California students who do not qualify as California residents under Section 110.2, Matters Relating to Residency, of the Standing Orders of The Regents, are required to pay nonresident tuition. In addition to paying

nonresident tuition, out-of-state students must also pay the Educational Fee, the Registration Fee, miscellaneous campus fees and, if applicable, the Fee for Students in Selected Professional Schools.

In May 1992, The Regents adopted stricter requirements for establishing residency for tuition purposes. This action allowed the University to be consistent with the federal definition of "financial independence" and to give full weight to this factor in assessing whether undergraduate and graduate students should be classified as residents for tuition purposes. Effective fall 1993, students seeking classification as residents are considered financially independent if they are at least one of the following: at least 24 years old; a veteran of the U.S. Armed Services; married; a ward of the court; both parents are deceased; have legal dependents other than a spouse; a graduate student and not claimed on another's income tax as a dependent for the immediately preceding tax year; or a single undergraduate student who is financially self-sufficient and who was not claimed on another's income tax return as a dependent for the preceding two years.

State Policy on Adjustment of Nonresident Tuition

In 1988-89, the Legislature adopted Senate Concurrent Resolution 69 (Morgan) expressing its intent to adopt a long-term nonresident student fee policy. The resolution called on the California Postsecondary Education Commission (CPEC) to convene meetings of representatives from the University of California, the California State University, Hastings College of the Law, the California Community Colleges, the Department of Finance, the Legislative Analyst's Office, and students, to develop recommendations for a long-term nonresident student fee policy. The Advisory Committee convened by CPEC issued a report in June 1989, which concluded with the following recommendation:

As California's public postsecondary education segments annually adjust the level of nonresident tuition they charge out-of-state students, the nonresident tuition methodologies they develop and use should take into consideration, at a minimum, the following two factors: (1) the total nonresident charges imposed by each of their public comparison institutions and (2) the full average cost of instruction in their segment.

Under no circumstances should a segment's level of nonresident tuition plus required fees fall below the marginal cost of instruction for that segment.

In addition, each segment should endeavor to maintain that increases in the level of nonresident tuition are gradual, moderate, and predictable, by providing nonresident students with a minimum of a ten-month notice of tuition increases. Each governing board is directed to develop its own methodology for adjusting the level of nonresident tuition, but those methodologies should be consistent with this recommendation.

The Advisory Committee's recommendations for adjusting the level of nonresident tuition subsequently were signed into law (Chapter 792, 1990). In addition, the legislation includes the proviso that "in the event that State revenues and expenditures are substantially imbalanced due to factors unforeseen by the Governor and the Legislature," nonresident tuition will not be subject to the bill's provisions.

Nonresident Tuition Levels in the 1980s and 1990s

Between 1987-88 and 1991-92, fees for nonresident students increased substantially, creating a significant differential between the University's total tuition and fees and those charged at other public institutions. In recognition of that differential, in the five years between 1991-92 and 1995-96, there were no increases in nonresident tuition although there were increases in mandatory systemwide fees. Even though the nonresident tuition fee did not increase during these five years, the number of students paying nonresident tuition declined in the early 1990s. Notwithstanding subsequent increases in nonresident tuition, the number of nonresident students paying the tuition fee began to rebound beginning in 1995-96. Consistent with the statewide policy on adjustment of nonresident tuition, The Regents have approved annual increases in nonresident tuition since 1996-97. Display 5 shows the total tuition and fee charges for nonresident undergraduate students since 1978. Because mandatory systemwide fees have not increased in seven years, increases in the total tuition and fees charged to nonresident undergraduate students have been modest, averaging about 3.7% since 1998-99.

Miscellaneous Campus Fees

Other campus mandatory fees, also called miscellaneous fees, cover a variety of student-related expenses that are not supported by the Educational Fee or University Registration Fee. These miscellaneous fees help fund such programs as student government, and construction, renovation and repair of

Display 5

UNIVERSITY OF CALIFORNIA									
TOTAL TUITION AND FEE CHARGES FOR NONRESIDENT UNDERGRADUATE STUDENTS 1978-2002									
1978-79	\$	671	\$	49	\$	1,905	\$	2,625	--
1979-80		685		51		2,400		\$ 3,136	19.5%
1980-81		719		57		2,400		\$ 3,176	1.3%
1981-82		938		60		2,880		\$ 3,878	22.1%
1982-83		1,235		65		3,150		\$ 4,450	14.7%
1983-84		1,315		72		3,360		\$ 4,747	6.7%
1984-85		1,245		79		3,564		\$ 4,888	3.0%
1985-86		1,245		81		3,816		\$ 5,142	5.2%
1986-87		1,245		100		4,086		\$ 5,431	5.6%
1987-88		1,374		118		4,290		\$ 5,782	6.5%
1988-89		1,434		120		4,956		\$ 6,510	12.6%
1989-90		1,476		158		5,799		\$ 7,433	14.2%
1990-91		1,624		196		6,416		\$ 8,236	10.8%
1991-92		2,274		212		7,699		\$ 10,185	23.7%
1992-93		2,824		220		7,699		\$ 10,743	5.5%
1993-94		3,454		273		7,699		\$ 11,426	6.4%
1994-95		3,799		312		7,699		\$ 11,810	3.4%
1995-96		3,799		340		7,699		\$ 11,838	0.2%
1996-97		3,799		367		8,394		\$ 12,560	6.1%
1997-98		3,799		413		8,984		\$ 13,196	5.1%
1998-99		3,799		428		9,384		\$ 13,611	3.1%
1999-2000		3,799		474		9,804		\$ 14,077	3.4%
2000-01		3,799		535		10,244		\$ 14,578	3.6%
2001-02 (excl. health ins.)		3,799		430	\$	10,704		\$ 14,933	2.4%
2001-02 (incl. health ins.)		3,799		917	\$	10,704		\$ 15,420	5.8%
2002-03 (excl. health ins.)		3,799		430		11,132		\$ 15,361	2.9%
2002-03 (incl. health ins.)		3,799		917		11,132		\$ 15,848	2.8%

sports and recreational facilities. The level of miscellaneous fees varies from campus to campus and between graduate and undergraduate students. Generally, students must vote to establish or increase campus miscellaneous fees.

Miscellaneous campus fees also include student health insurance fees. Between 1990 and 1991, graduate students at all UC campuses voted to establish a mandatory student health insurance fee. Effective Fall 2001, The Regents require all undergraduate students to have health insurance. Students can purchase a health insurance plan from their campus or they can demonstrate they have such insurance from other sources and opt out of the campus health insurance plan. The coverage provided in the health insurance plans and the fees to cover the cost of the premium are determined by each individual campus and, as a result, these fees are considered

miscellaneous campus fees. Display 1 at the beginning of this chapter shows miscellaneous campus fees over time.

Self-Supporting Programs

In addition to the fees charged for regular degree programs, the University also charges fees for courses and programs in University Extension, and Self-Supporting Graduate and Professional Degree Programs. These programs are not supported by State funds and varying fees are charged to cover the costs of offering those courses and programs.

Fees also are charged for Summer Session courses and programs. As part of the 2000 Budget Act, the State provided \$13.8 funds to reduce summer session fees at all general campuses, on a per-unit basis, for UC-matriculated students enrolled in UC degree courses in summer 2001 and beyond to an amount equivalent to mandatory systemwide fees charged during the regular academic year. The 2001 Budget Act provided funding to begin phasing in State support for the summer at three general campuses—Berkeley, Los Angeles, and Santa Barbara. The University's 2002-03 budget plan includes funding to continue phasing in State support for summer at the remaining five general campuses. The plan to increase State support for summer instruction is discussed in more detail in the *General Campus Instruction* chapter of this document.

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