

# THE FACTS: SYSTEMWIDE STUDENT FEE INCREASES

To help address inadequate state funding and preserve the quality of UC's instructional programs, the UC Board of Regents in November 2010 approved a fee increase of 8 percent (\$822) for 2011-12. The increase brings systemwide fees to \$11,124.

Students also pay additional campus-based fees that will average about \$1,025 across all campuses in 2011-12, depending on the campus.

Nonresident undergraduates will pay an additional \$22,878 in tuition. Tuition will be \$15,102 for nonresident graduate academic students and \$12,245 for those enrolled in graduate professional degree programs. All graduate professional degree students pay additional program fees, depending on the campus and field of study.

## WHY WERE THESE INCREASES APPROVED?

Despite an increase in state funding for the 2010-11 fiscal year, permanent state support for the university remains 10 percent below the level provided in 2007-08. Since then, UC's enrollment of California residents has increased by 16,000 students.

The university has cut costs to help address the funding gap, including implementing systemwide furloughs, reducing salaries, laying off staff, downsizing administrative offices, and restricting travel and other purchases. Campuses have eliminated courses, increased class sizes and closed programs – all of which impact students' experiences at the university.

The primary reason student fees rise is related to the level of state funding UC receives — or doesn't receive.

- In 1990, the state funded 78 percent of the total cost of education per student. Today, the state funds 48 percent.
- As state support has declined, the students' share of their education costs, net of financial aid, has tripled, from 13 percent to 41 percent.

## HOW MUCH DID FINANCIAL AID INCREASE?

One-third of the revenue generated from any undergraduate fee increase is set aside for financial aid for needy students. Half of the new revenue from

graduate academic fees, and one-third of the new revenue from professional degree fees, is used to provide additional financial aid to students in those programs.

The one-third set-aside for undergraduate financial aid, combined with expected increases in Cal Grant awards, will provide enough funding to cover the 2011-12 increase for about 99,000 students, or 55 percent of the university's 181,000 undergraduates. UC estimates that Cal Grants will cover the increase for 51,000 of these students; others will receive additional UC grants to cover the fee increase.

## The Blue and Gold Opportunity Plan

At the same time fees were raised, the university increased the income cap for its Blue and Gold Opportunity Plan, which ensures that gift aid will, *at a minimum*, cover all systemwide fees for eligible resident undergraduates with financial need whose family incomes are \$80,000 or below, beginning in fall 2011.

The expansion will increase the number of students covered by the Blue and Gold program by an estimated 4,700 students, from 62,400 under the current \$70,000 cap to about 67,100 under the new cap. Overall, Blue and Gold is expected to cover 37 percent of UC's undergraduate population in 2011-12.

## Middle-Income Grants

UC also plans to cover the fee increase for one year for financially needy undergraduates whose family income is \$80,000 to \$120,000.

The university estimates that about 14,700 undergraduates — about half of the total number in this income range — will have their fee increase fully covered.

The increase will be covered for about 11,000 of these students by a Cal Grant or UC's current grant program. In past years, the remaining 3,700 students would have qualified for a one-year grant to cover only half of their fee increase. Under the new program, they will receive a one-year grant to cover the entire 2011-12 increase.

## HOW IS STUDENT FEE REVENUE SPENT?

Revenue from student fees is a major source of funding for UC's core educational program, providing more than \$2.5 billion in 2010-11 to supplement

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declining state funding and help support basic operations.

UC spends student fees and other core operating funds on financial aid, employee benefits and salaries, equipment, supplies and utilities. Additionally, a portion of systemwide student fees helps fund student support services, including student mental health.

### WHAT IMPACT DO YOU EXPECT HIGHER FEES TO HAVE ON STUDENTS' ABILITY TO AFFORD AND EARN A UC DEGREE?

It is a painful reality that higher fees make it harder on many students and their families to consider and complete their college education. But it is difficult to predict the extent of that impact on all students and in what regard. We can look to our most recent outcomes in key areas to try to gauge how students are coping with being asked by the state to shoulder a greater burden of their education costs over the last two decades.

#### Enrollment

- UC continues to see tremendous demand. We received a record 134,000 undergraduate applications for fall 2010, and the pool was the most diverse on record.
- The university is enrolling more low-income Pell Grant recipients (nearly 40 percent of all UC undergraduates) in 2010-11 than at any time in its history. (Pell Grant recipients generally have family incomes below \$50,000.) To put this figure in perspective, four UC campuses — Berkeley, Davis, Los Angeles and San Diego — *each* enroll more Pell Grant recipients than the *entire* Ivy League combined.

#### Degree Completion

- UC's graduation rate has continued to rise steadily. Our average six-year graduation rate (a standard national measure) is 80 percent systemwide. The national average for public universities is 64 percent.
- Additionally, UC is making efforts to address one of California's biggest hurdles to degree attainment: the lack of opportunity for community college transfer students. Even though the university has had to curtail enrollment overall as state support has declined, the university has placed a high priority on transfer admission. Over the last two years, UC has increased the number of transfer slots by 1,000, and our transfer applications were up by 30 percent.

#### Student Debt and Availability of Aid

- In 2009-10, about 43 percent of UC undergraduates took out student loans. The average loan was \$6,397.
- Among students who graduated from UC in 2008-09, the most recent year for which data are available, 50 percent had some student loan debt. The average cumulative debt was \$15,806, and among borrowers in every income category, most graduated with cumulative borrowing requiring 5 percent of their average expected salary to repay (5 to 9 percent is considered manageable). Students with higher than average debt or lower than average earnings have the option of alternative repayment plans, including income-based repayment that caps repayment at 15 percent of net income (roughly 8-10 percent of total income).
- In 2009-10, 66 percent of UC undergraduates received more than \$1.9 billion of financial support (including grants, scholarships, loans and work-study). More than half (57 percent) of all UC undergraduates received some kind of grant or scholarship (federal, state, university or other) averaging \$12,787 per recipient, which directly reduced the cost of their education.
- Most UC graduates are employed and few default on their student loans.