



UNIVERSITY *of* CALIFORNIA

O F F I C E O F T H E P R E S I D E N T

2009-10 PROPOSED STUDENT FEES

Facing a severe budget shortfall as a result of the state's dire fiscal situation, which has been exacerbated by the global economic downturn, the University of California Board of Regents will consider at its May 7 meeting a 9.3 percent increase in university-wide student fees for the 2009-10 academic year.

The increase (\$662 a year for resident undergraduates) is consistent with the assumption in the state budget adopted in February, which left UC with a cumulative state funding shortfall of \$450 million, consisting of \$115 million in new cuts, \$122 million in underfunded enrollments, and \$213 million in unfunded mandatory costs for utilities, employee health benefits and other inflationary costs.

While increasing student fees is always a difficult decision for the Regents to consider — especially at a time when families are facing economic hardships and uncertainty — **substantial increases in federal, state and university student aid for 2009-10 are expected to provide 81 percent of UC undergraduates whose incomes are below \$180,000 with access to new resources to offset the proposed fee increase.**

The proposed fee increase is one component in a range of actions the university and the campuses have taken — which include freezing senior managers' salaries, restructuring and downsizing the UC Office of the President, curtailing faculty recruitment and the implementation of hiring freezes at the campuses, among others — to confront continuing reductions in state funding, while working to minimize the reductions' impacts on the academic program and student services to the greatest extent possible.

The proposed fee increase, composed of a 10 percent increase in the educational fee and a 4.2 percent increase in the registration fee, would generate approximately \$152 million, of which **\$54.2 million would be set aside to provide additional financial aid to undergraduate and graduate students.**

The rest of the revenue would be used to address state budget reductions, mandatory cost increases and other pressing needs, including student support services and mental health services.

PROPOSED UNDERGRADUATE FEE LEVELS

Under the proposal presented to the Regents, undergraduate mandatory systemwide student fees would increase by **9.3 percent (\$662 for resident undergraduates)**, bringing the total mandatory systemwide fees for resident undergraduates to **\$7,788**. With additional miscellaneous fees charged by individual campuses, their average systemwide fees would total approximately **\$8,720**.

A number of actions will enhance the availability of student financial aid and mitigate the impact of a fee increase for families of UC undergraduates. These include:

■ **Blue and Gold Opportunity Plan**

This plan, developed by President Yudof and adopted by the Regents, states that eligible UC students with financial need and household incomes of under \$60,000 per year will have their systemwide fees fully covered by scholarships or grants from federal, state, private and UC sources. The new costs of this plan will be funded in 2009-10 by \$3 million from federal economic stimulus funds.

■ **Increased state and UC grant funds**

Cal Grants for UC students will increase by \$27 million in 2009-10, and UC grants will increase by \$39 million due to the University's practice of setting aside 33 percent of all undergraduate fee increase revenue for grants to needy students.

■ **American Recovery and Reinvestment Act**

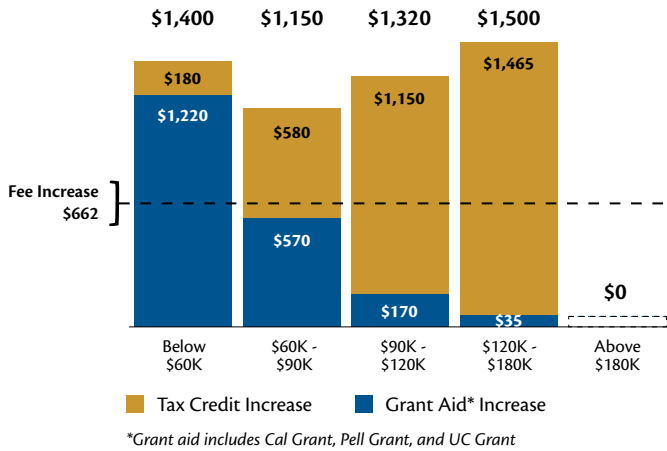
The federal economic recovery package provides an increase in the value of Pell Grants and \$88 million in expanded federal tax credit eligibility for UC families. Beginning July 1, 2009, the maximum student award in the Pell Grant program will be \$5,350.

Taken together, these programs are expected to provide, on average, between \$1,150 and \$1,500 in additional resources to UC undergraduate families with incomes below \$180,000 — fully offsetting the cost of a \$662 fee increase for most of those families. **UC estimates that 81 percent of all UC undergraduates with family incomes below \$180,000 will have access to grants and tax**

credits to fully cover the proposed increase in systemwide fees.

The bar graph below shows the impact of the additional grant money and the tax credit eligibility, at different annual income levels:

Higher Grants, Tax Credits Offset Fee Increases
(average per student for undergraduates by parent income)
(average cost of attendance: \$25,000/yr)

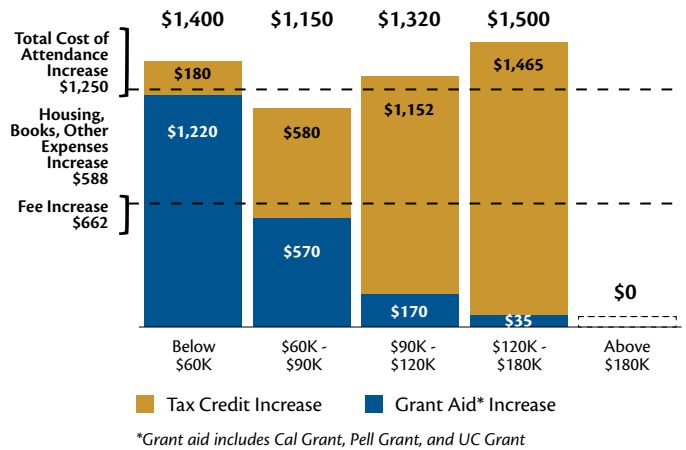


About half of UC undergraduates have financial need (as defined by federal standards, which take into account family income, assets, family size, number of students in college and other factors). Among students with financial need, the additional financial resources available — particularly from need-based grants — should fully cover a \$662 fee increase for 96 percent of students and provide at least partial coverage for 99 percent of students. Among students without financial need, additional resources from enhanced tax credits are expected to fully cover a \$662 fee increase for 45 percent of students and provide at least partial coverage for 63 percent of students.

OTHER EDUCATION-RELATED COST INCREASES

A fee increase is not the only new expense students will face in 2009-10. When inflationary and other cost increases in housing, food, transportation, books and supplies, and health insurance are taken into consideration, the total increase in UC's cost of attendance for 2009-10 is expected to average \$1,250 across all undergraduates. Even when viewed in the context of this total cost of attendance, however, the new available financial resources are generally equal to or more than the increase in students' total expenses for families with incomes below \$180,000.

Higher Grants, Tax Credits Offset Total Costs
(average per student for undergraduates by parent income)
(average cost of attendance: \$25,000/yr)



PROPOSED FEE LEVELS FOR GRADUATE, PROFESSIONAL AND NON-RESIDENT STUDENTS

■ **Graduate students**

Mandatory systemwide fees for resident graduate academic students would increase 9.3 percent, or \$750 per year, in 2009-10. This would bring the total mandatory systemwide fees for resident graduate academic students to \$8,736. Adding in miscellaneous campus fees, including health insurance, their average total fees would total \$11,221. Increases for professional degree students enrolled in public health, public policy, and the International Relations and Pacific Studies Program at San Diego are equal to those for graduate academic students. (These students also pay a professional degree fee that varies by campus and program.)

■ **Professional students**

Mandatory systemwide fees for students in professional degree programs would rise by 9.3 percent, or \$654 a year for most students paying professional school fees. This would bring total mandatory systemwide fees for most professional

students to \$7,722. Adding in miscellaneous campus fees, including health insurance, their average fees would total approximately \$10,207. Students in these programs also pay a professional degree fee that varies by campus and program. In 2008-09, these fees range from \$3,685 to \$22,049. Proposed fee increases for 2009-10 range from 0-25 percent.

■ **Nonresident tuition**

In addition to mandatory systemwide fees, out-of-state students must pay nonresident tuition. The nonresident undergraduate tuition would increase by 10 percent in 2009-10, raising nonresident tuition by \$2,000, from \$20,021 to \$22,021. Nonresident tuition would remain at \$14,694 for graduate academic students and \$12,245 for graduate professional students. Taken together with mandatory systemwide fees and campus fees, nonresident student charges in 2009-10 would average about \$31,389 for undergraduate students and about \$26,257 for graduate academic students.