



# UC Undergraduate Fees:

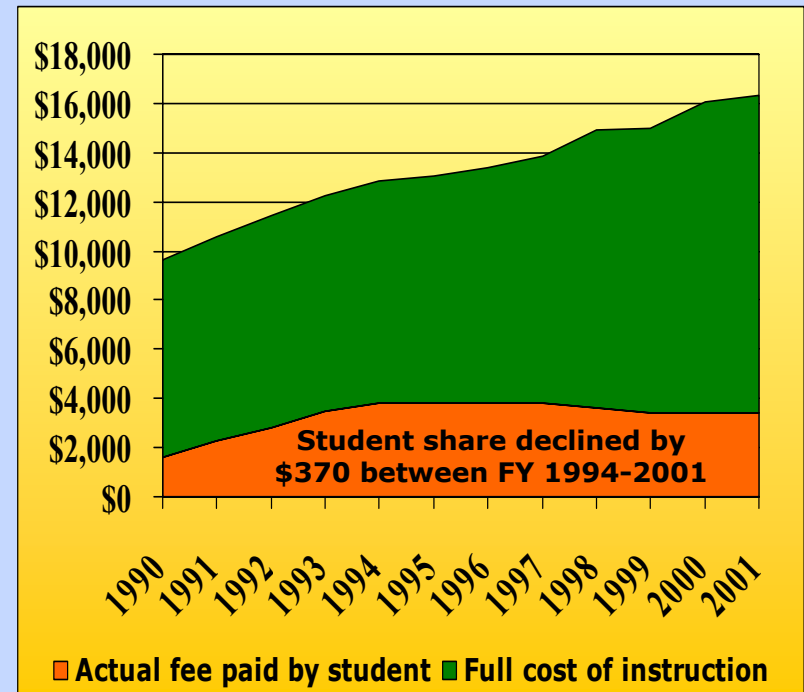
**Maintaining quality and access  
during a time of  
new state budget realities**

**Issue Overview  
February 2003**

**UC Department of Strategic Communications - Office of the President**

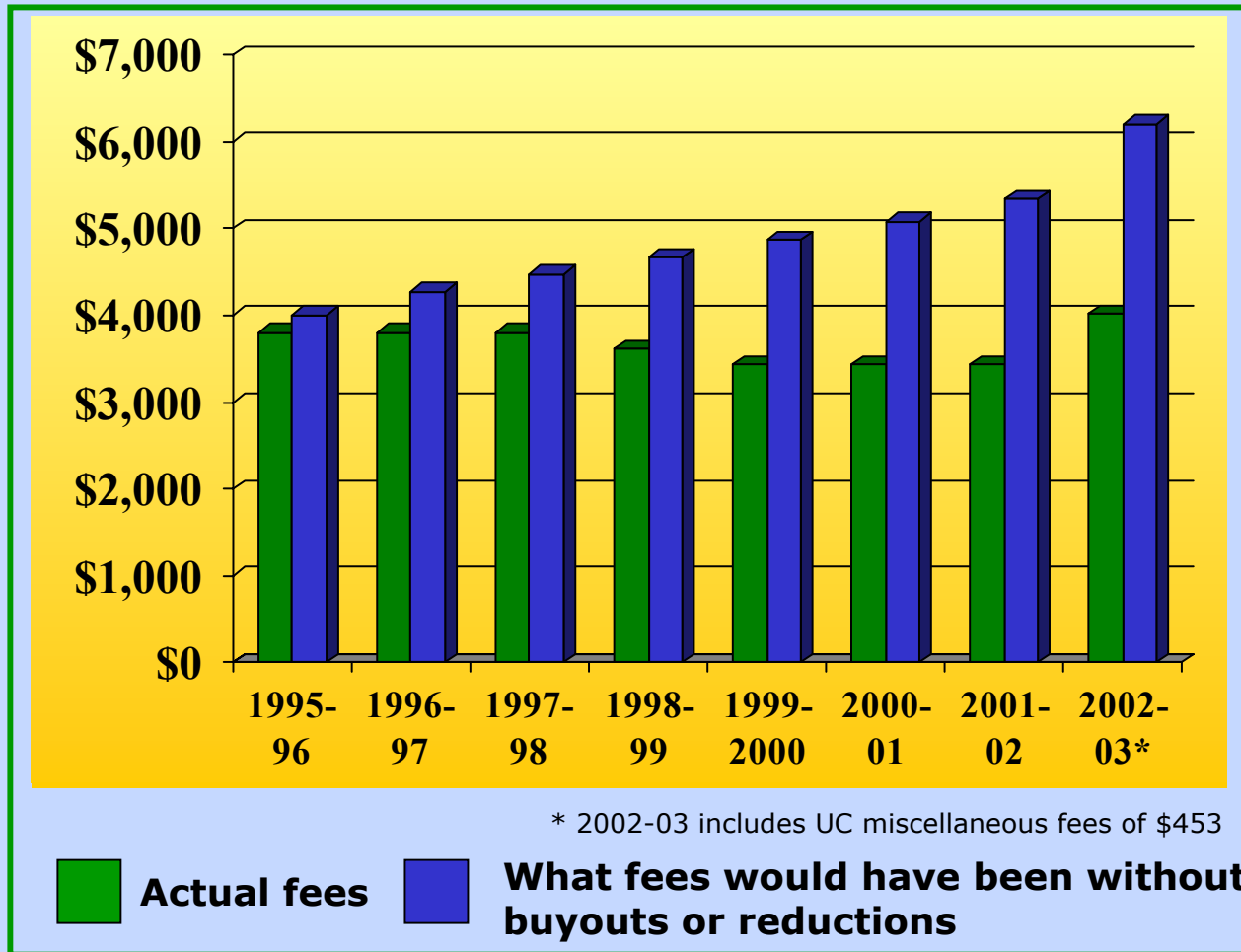
# The cost of instruction has risen, but UC fees have remained flat

- The full cost of instructing a UC student increased over time from about \$12,000 in 1991 to about \$16,400 in 2001.
- Student fees increased in the early 1990s to cover a portion of these costs, but for the past eight years, students and parents have not had to pay for any of these increases.
- Instead, through a state “buy-out,” California has made up the difference to keep a high-quality UC education among the most affordable in the nation.



*UC student fees currently pay about 20% of the cost of instruction. The remainder – 80% -- is paid by the state and UC.*

# What fees would have been today without state buyouts and reductions



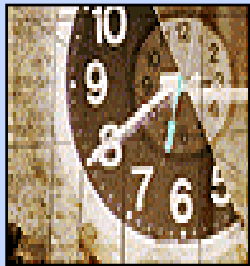
Fees today would total **\$6,202** without buyouts or reductions.

That's 54% higher than what students today are paying (**\$4,017\***)

\*2002-03 total undergraduate resident fees including Spring 2003 fee increase

# California's budget problems pose new challenges for keeping fees stable

- **Sacramento is grappling with its worst budget crisis in a decade, with a deficit estimated as high as \$35 billion**



- **Governor Gray Davis proposed \$373 million in new state funding cuts at UC over a two-year period (2002-03, 2003-04)**
- **UC now has a shortfall of \$1 billion compared to what was expected at this point under the "Partnership Agreement"**
- **This brings UC's budget down to \$3 billion when it was expected to be \$4 billion**

# **Governor's budget assumes a fee increase to help close the deficit**

- **The Governor's budget assumes that mandatory systemwide fees will increase next year by \$795. That's on top of the \$135-per-quarter fee increase already implemented in Spring 2003, bringing the total fee increase to 35% over a two-year period**
- **The fee increase is included in the budget in order to help close the state's deficit while maintaining access and quality in the UC student instructional program**
- **One-third of any fee hike will go toward increasing financial aid. The result: Students with family incomes of less than \$60,000 are unlikely to feel any impact from this or future fee increases.**

# Fee increases are only one part of the budget solution at UC

Most of the budget shortfall will be covered through lower-than-expected employee salaries and program cuts in non-instructional areas. For example, the governor's proposal includes these cuts:

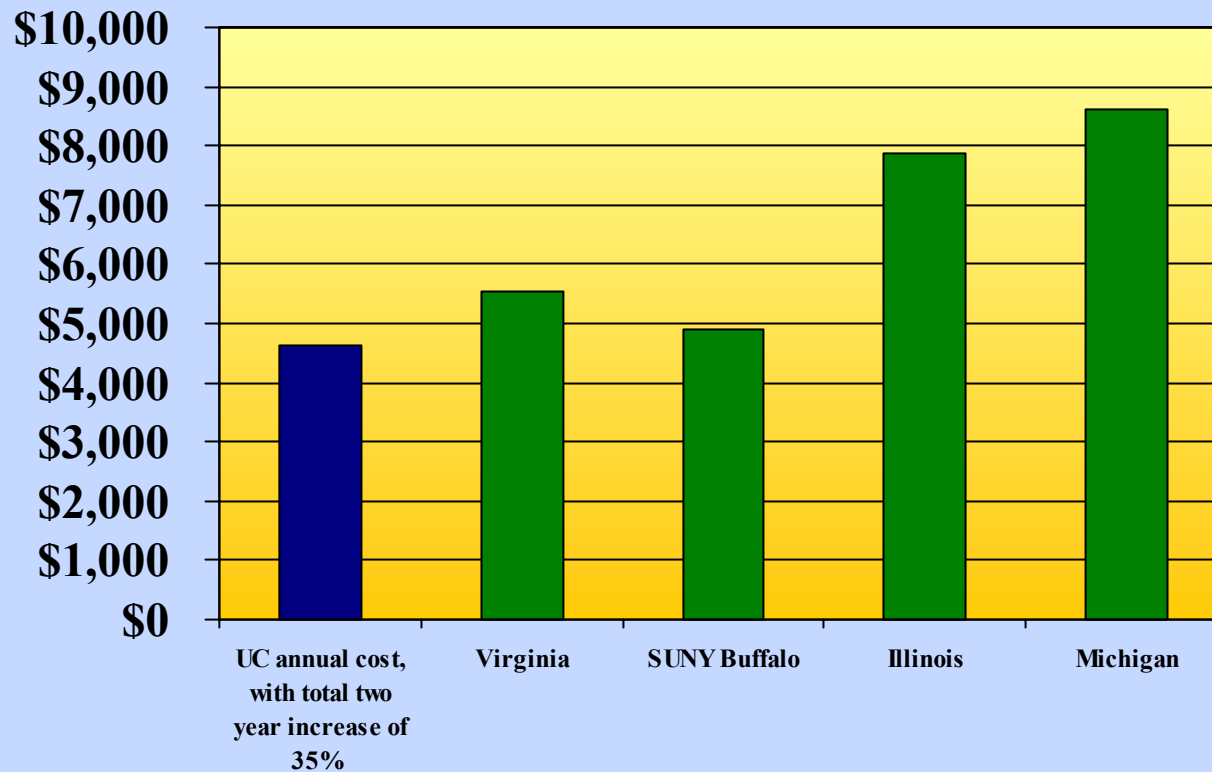
- > **Administration** (\$36 million)
- > **Outreach** (\$33 million)
- > **Student services** (\$25 million)
- > **Teacher professional development** (\$15 million)
- > **Research programs** (\$28 million) ...

*UC must look to a balanced package of solutions to address the budget crisis. UC's budget priorities are:*

- 1) To maintain student access for the top 12.5% of California high school graduates
- 2) To maintain educational quality by fully preserving the core instructional budget

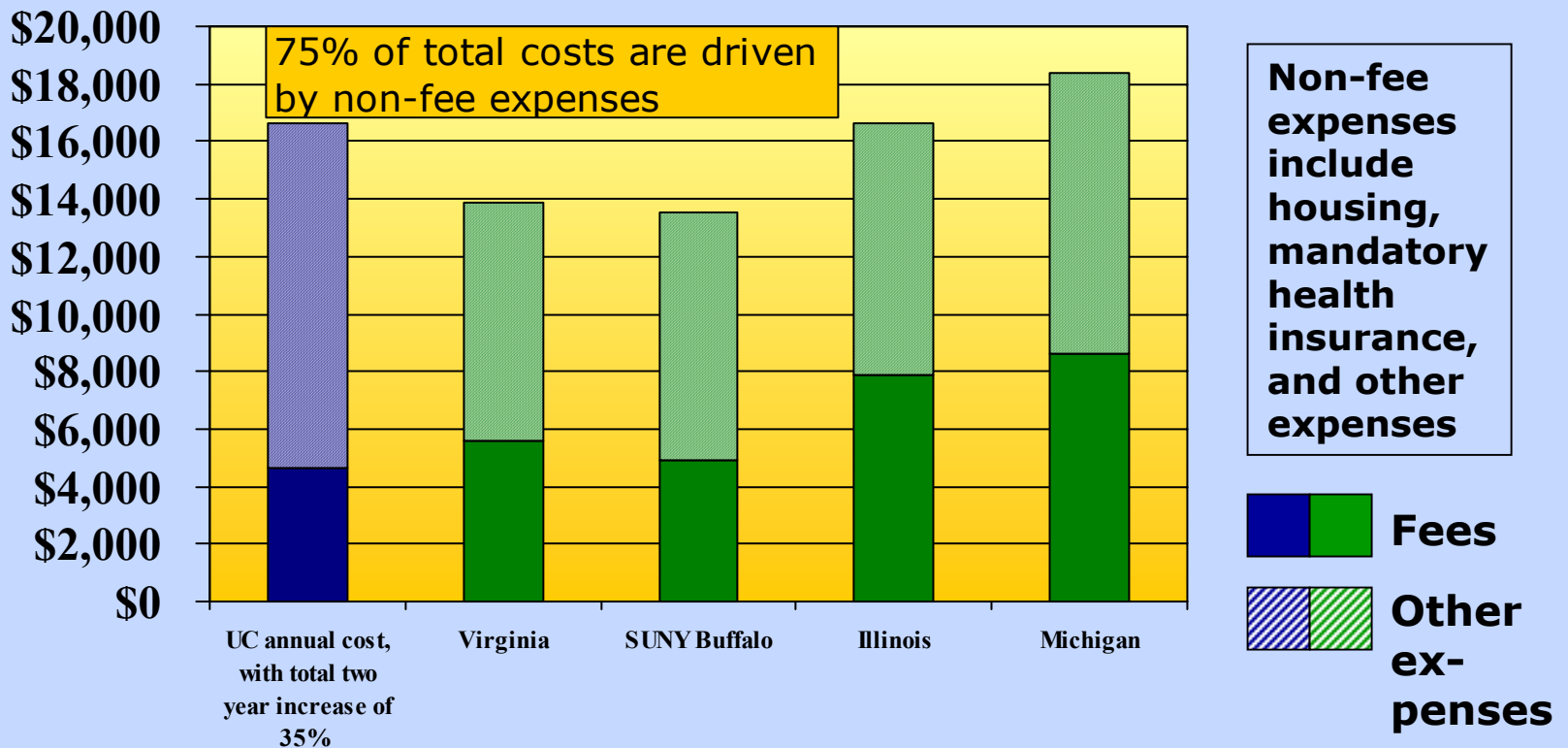
# Even with increases, UC fees would still be lower than comparison universities

Estimated Resident Undergrad Fees and Tuition at UC and Comparison Institutions, 2003-04



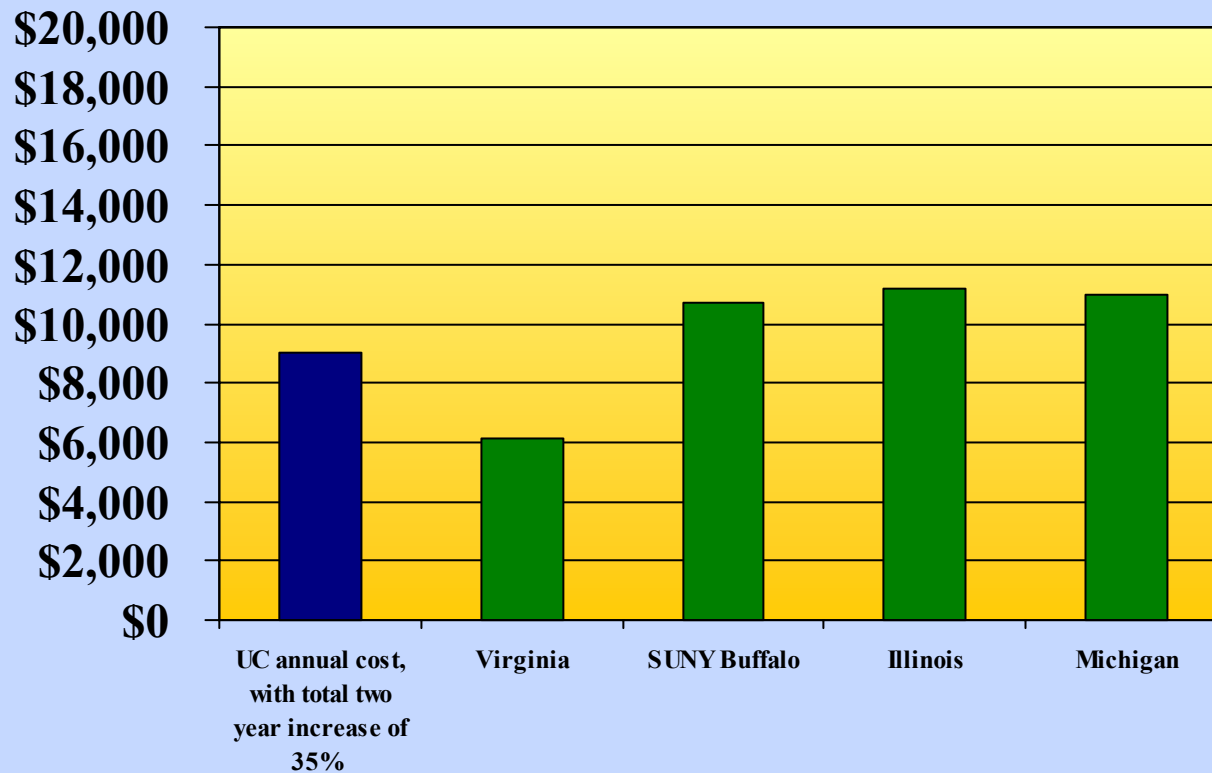
# While non-fee expenses increase total cost of UC attendance ...

Estimated total cost of attendance at UC and Comparison Institutions, 2003-04



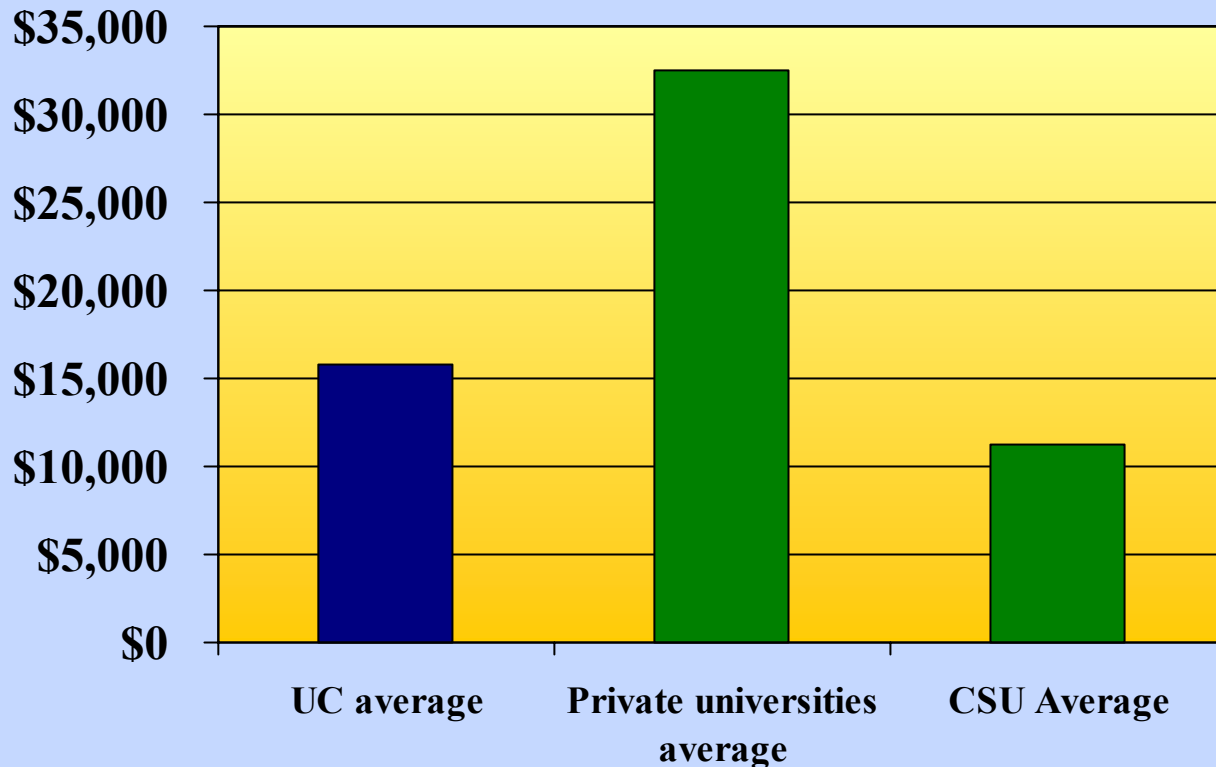
# ... grants bring down total UC net costs for needy students

Estimated total cost of attendance after need-based grants at UC and Comparison Institutions, 2003-04



# UC competes favorably with other schools students tend to consider

Average total cost at UC and other institutions considered by admits  
(2001-02 -- based on survey of UC undergraduates)



Top colleges considered by **UC admits:**

- Cal Poly San Luis Obispo (#1)
- USC (#2)
- San Diego State (#3)

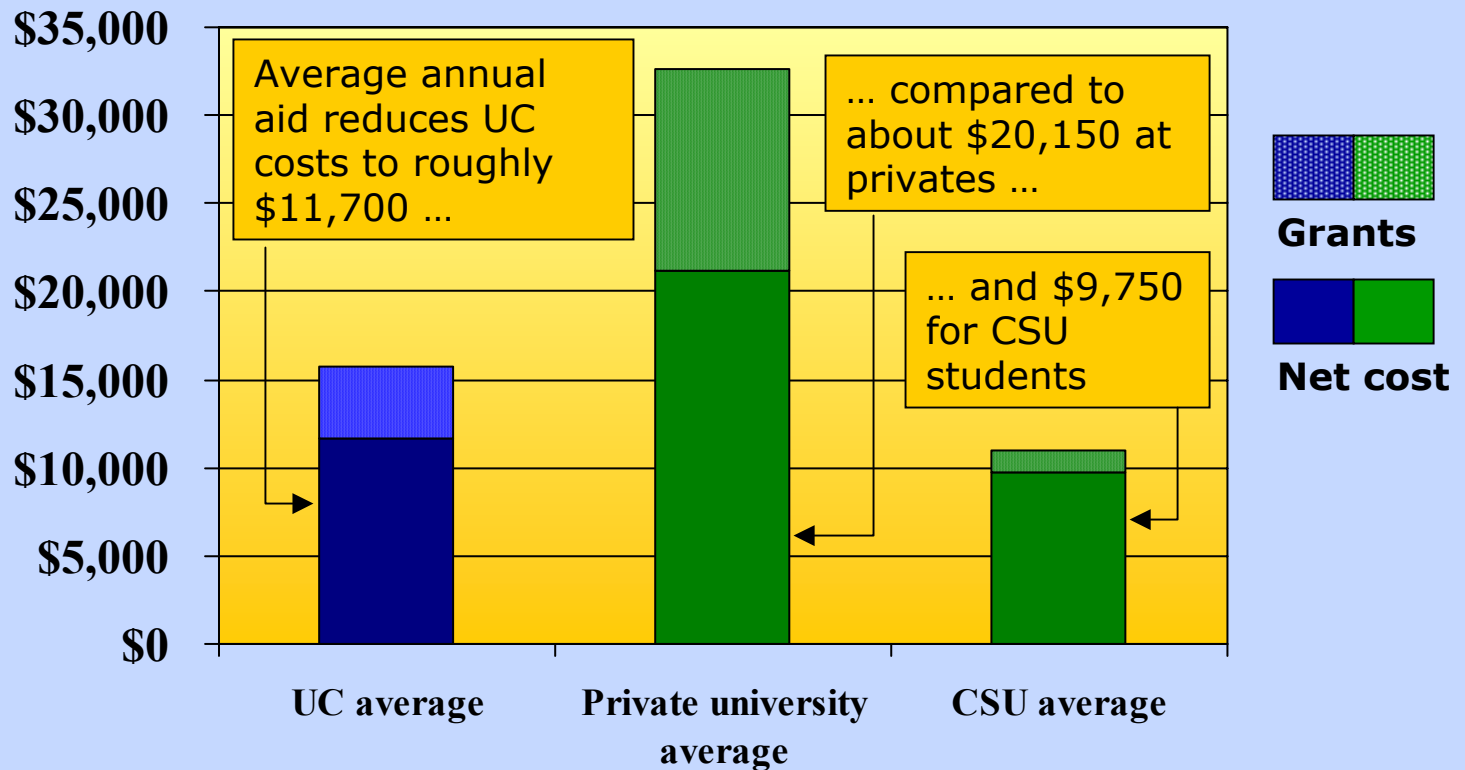
Overall ... **48%** also consider private colleges

**43%** consider a CSU campus

**8%** consider out-of-state public universities

# Grants narrow the cost gap, particularly for students with less than \$60,000 family income

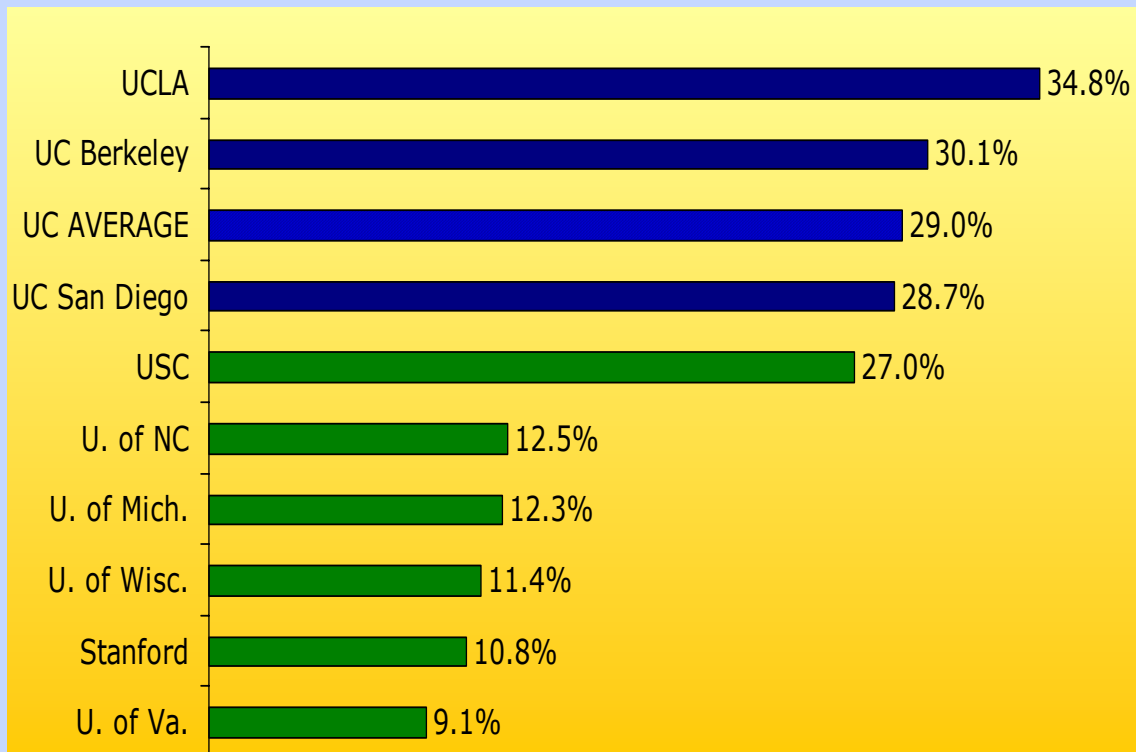
Average total cost at UC and other institutions considered by those with parent incomes under \$60,000 (2001-02)



# Low-income student access to UC will continue with increases in financial aid

*A fee increase won't change UC's distinction as the nation's leader in admitting low-income students ...*

**Top universities by proportion of low-income students**



That's because we expect that financial aid will also increase:

- **One-third of any new fee revenue will be returned to aid**
- **Cal Grants will increase with fees**
- **Pell Grants are likely to increase slightly**

# **Many middle-income students can get help to cover the fee increases**

- **Some middle income students qualify for need-based grants**
- **Loans are available to students from all income groups**
- **Those who already have tax benefits (which currently range in value from \$800-\$3000) may see them increase slightly to cover a portion of the fee increase**

# Quality – *not* cost – tends to drive a student’s choice of college

<u>Percent of students citing decision factor</u>	
<b>Academic quality</b>	<b>78%</b>
Location	73%
Courses of study offered	64%
Overall social atmosphere	64%
Prestige	56%
<b>Cost of attendance</b>	<b>37%</b>
Personal attention	32%
Not accepted to first choice	30%
Ethnic composition	23%
Financial aid	22%
Affordable housing	12%
Other	11%

SOURCE: 2001 UC Undergraduate Support Survey

**What are the key reasons that UC admits give for their choice of colleges?**

**Quality is the top factor, cited more than twice as often as cost.**

# **Even with higher fees, a UC education is an investment worth making**

**Fees and the overall cost of attending UC should also be considered within the context of the long-term value of a UC education.**

**For students expected to graduate by 2005-06, the average first-year starting salary is estimated to be around \$40,000.**

**UC is also a great place to continue an education: In addition to thousands of UC graduates who go on to earn masters degrees, 6.1% of graduates obtain Ph.D.s, 4.4% earn M.D.s, and 13.8% apply to law school.**



# **Next steps: Assess after budget situation becomes clear**



**The Board of Regents will have a thorough discussion of student fees, and all of the governor's proposals for budget cuts, over the coming months**

**The Regents will not set fees for 2003-04 until later this spring**