University of California Long-Term Stability Plan for Tuition and Financial Aid

November 19, 2014

UNIVERSITY
OF
CALIFORNIA

Absent additional State support, UC needs a tuition strategy that supplements State funding to achieve key goals

- ✓ **Stability** – Less volatility for students
- ✓ **Access** – Allows UC to increase CA enrollment
- ✓ **Affordability** – Strong financial aid commitment
- ✓ **Excellence** – Improving the student experience
- ✓ **Shared Responsibility** – Includes a State <u>and</u> UC role
- ✓ **Clarity** – Easy to communicate and administer
- ✓ **Fairness** – Benefits all students

Strategies implemented or discussed by other universities were considered by UC – they fall short of UC’s goals

- **Cohort-based tuition**
  - Provides stability for continuing students only
  - Potentially greater volatility for first-year students
  - Costly administrative overhead
- **Differential tuition by major or campus**
  - Student decisions should be based on interests, talents, and fit – not cost
  - Not consistent with Cal Grant program
- **“Pay it Forward” model**
  - Eliminating tuition by taxing alumni isn’t viable

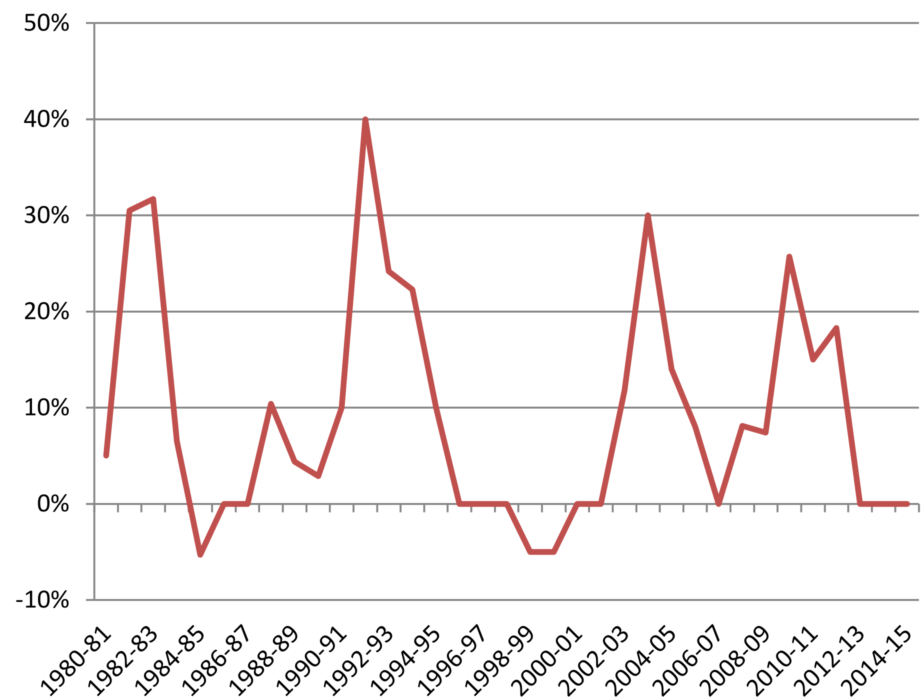
Tuition and Financial Aid Stabilization Plan: Key Features

- **Annual growth in State funds** of 4% (equates to 1.7% core fund growth in 2015-16)
- **Moderate, predictable increases** of up to 5% in:
  - Tuition and the Student Services Fee
  - Nonresident Supplemental Tuition
- Option for **State buy-out** of some or all Tuition and Student Services Fee increases
- More **UC and State financial aid**, keeping UC a national leader in college affordability

The plan would end the tuition volatility that has frustrated past generations of UC students and families

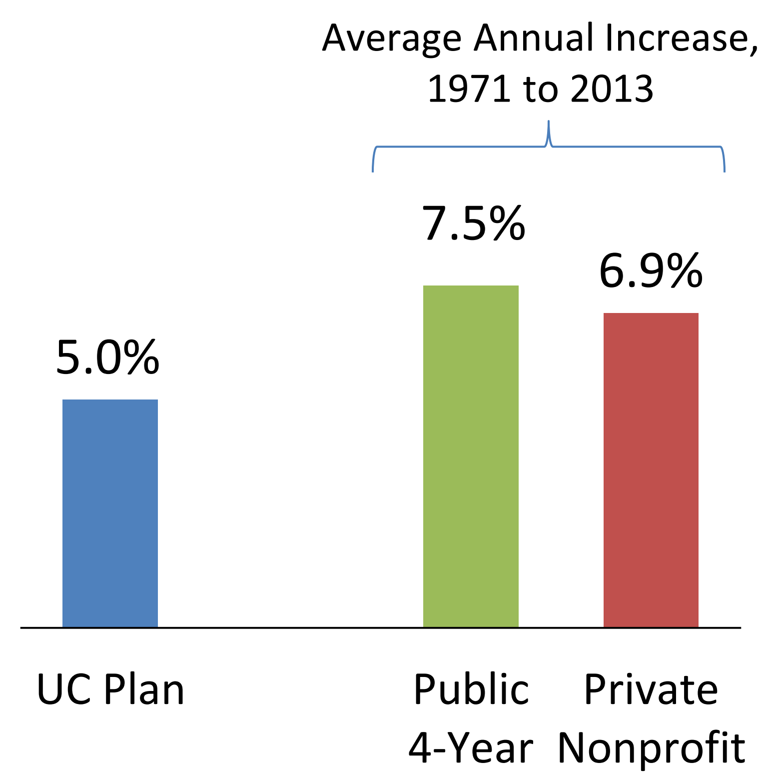
- Volatility makes it harder for students and families to plan
- Campuses cannot make long-term plans without predictable funding
- Stability is fairer for students who enroll at different points in time.

Year-to-Year Change in UC Undergraduate Tuition/Student Services Fee



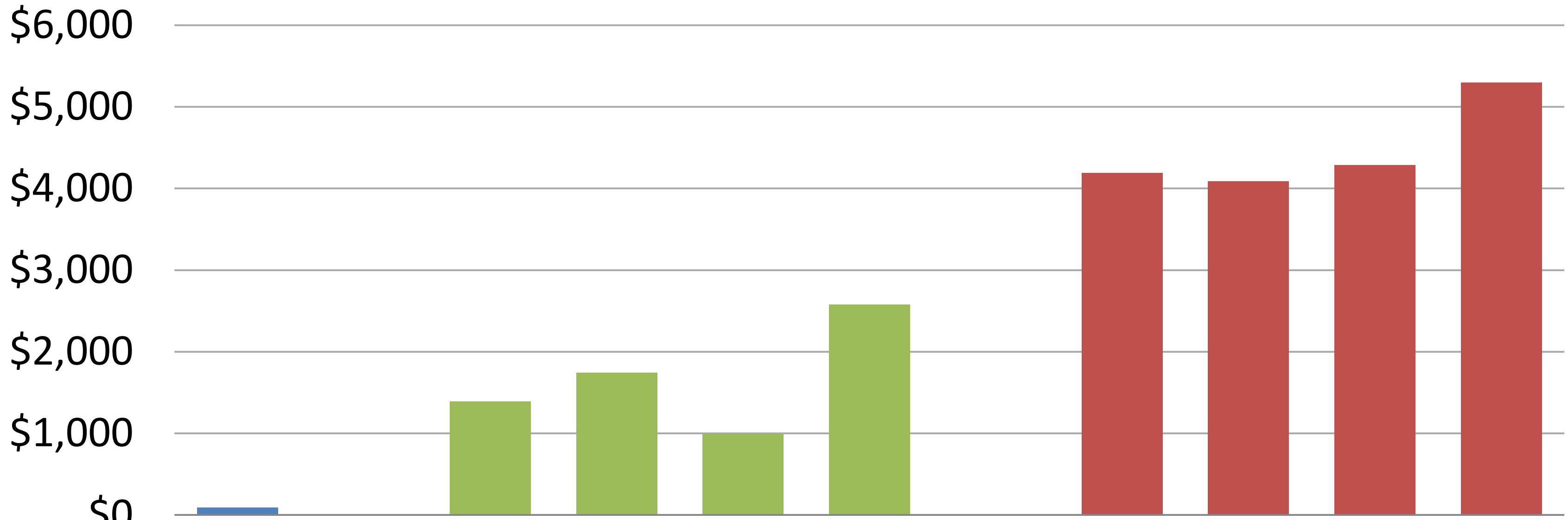
The proposed annual increase of up to 5% is low by historic standards for both public and private universities

- Achievable through a combination of:
  - Aggressive cost-cutting
  - Alternative revenues
  - Reliable State support



Since 2011-12, other institutions have raised revenue from tuition and fees increases much faster than UC.

Total Change in In-State Tuition and Fees Between Fall 2011 and Fall 2014

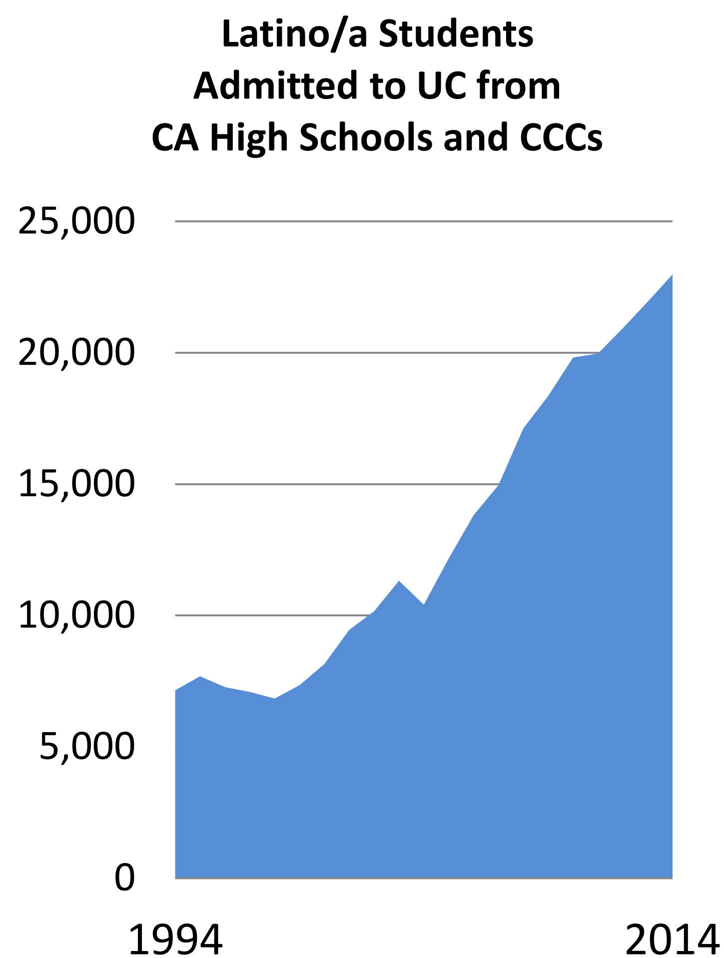


	UC	Buffalo	Illinois	Michigan	Virginia	Stanford	Harvard	MIT	Yale
Increase ($)	$93	$1,389	$1,743	$992	$2,578	$4,188	$4,087	$4,284	$5,300
Increase (%)	1%	19%	11%	7%	26%	10%	10%	11%	13%

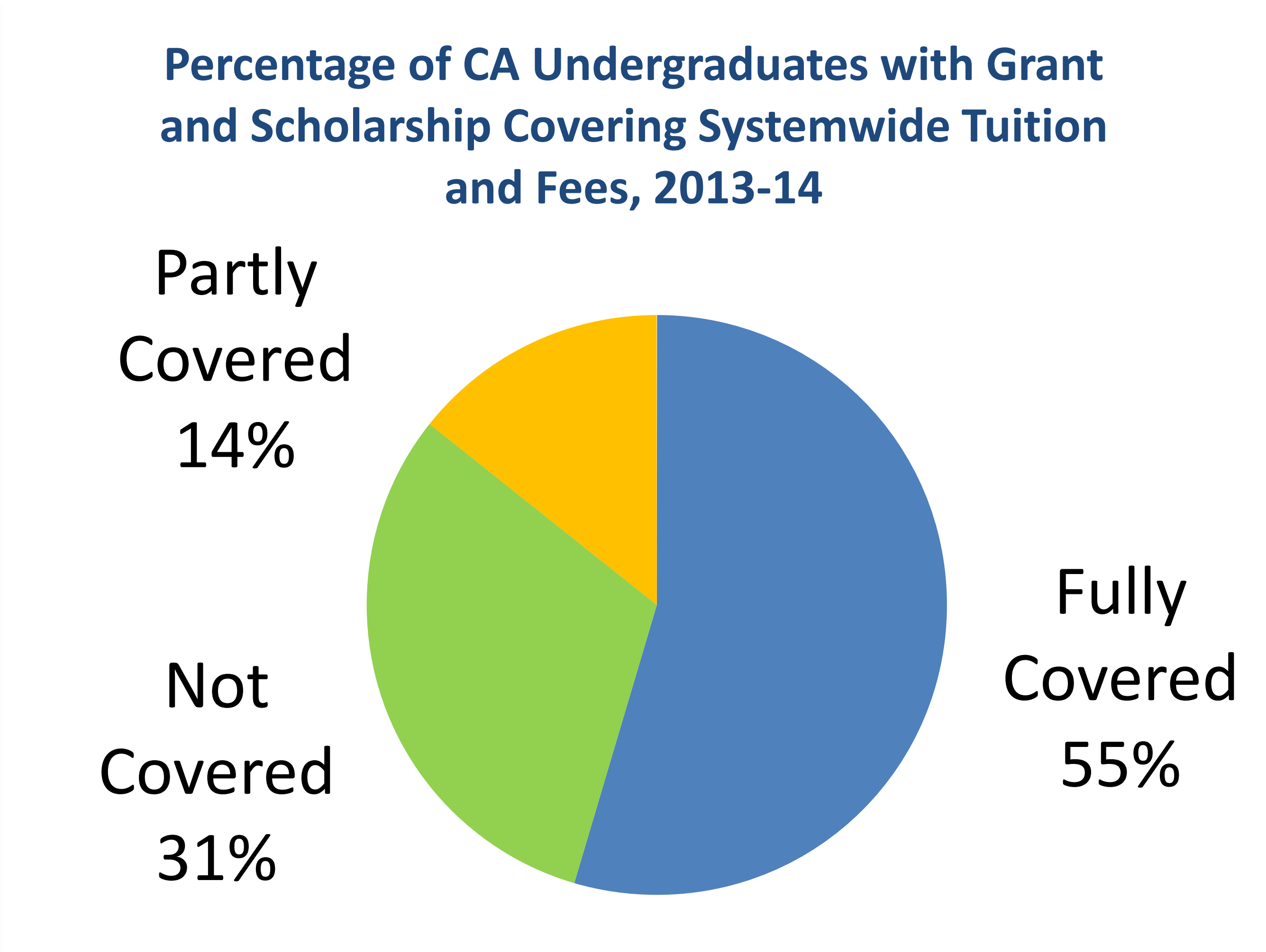
UC figure includes average campus-based fees. Figures for Illinois, Michigan, and Virginia are average increases among rates that differ by major and/or student level.

Enrollment growth at every undergraduate campus will allow UC to serve a larger, more diverse set of California students

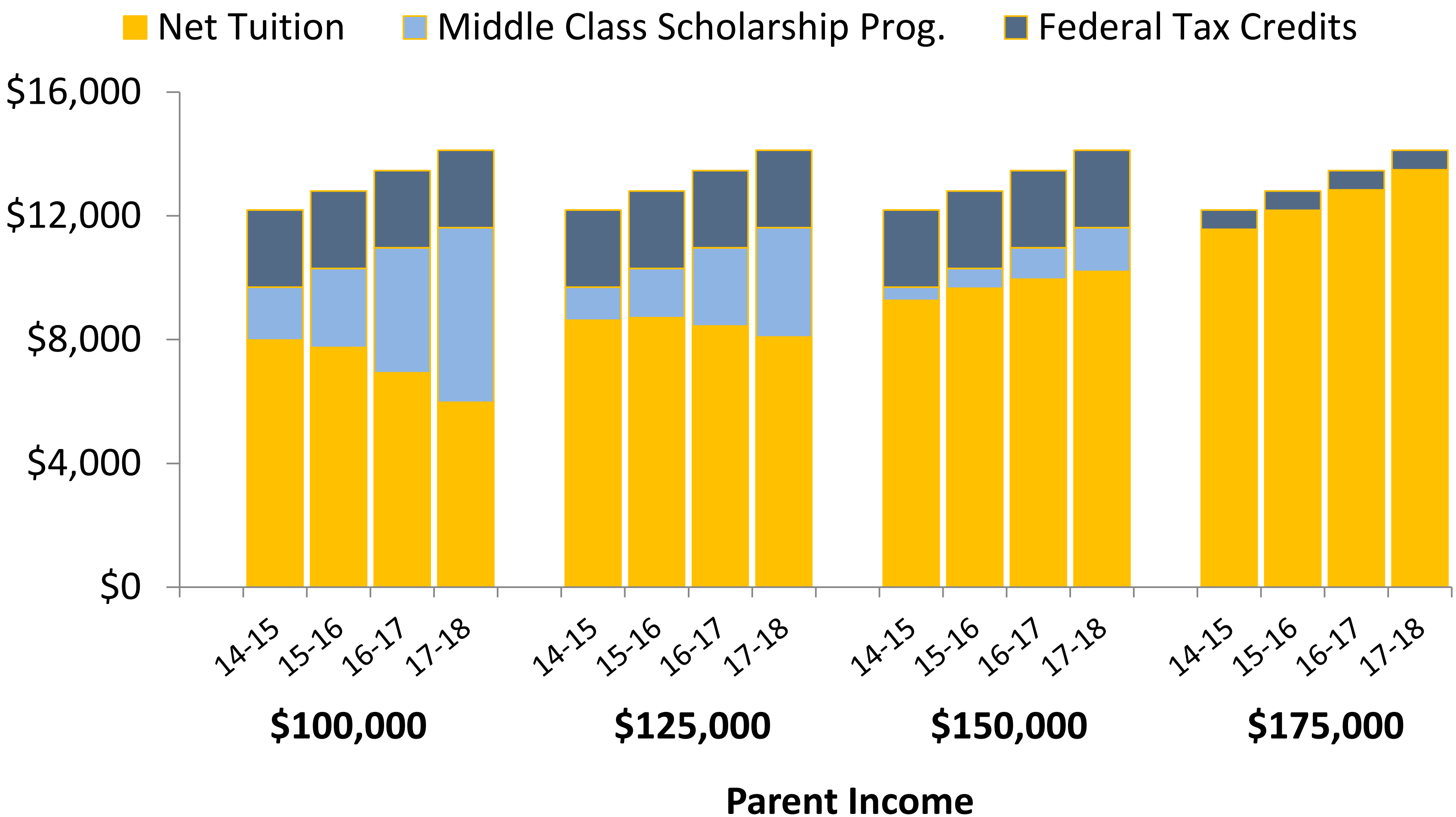
- Latino/a students were the single largest ethnic group among UC applicants in Fall 2013 and 2014
- Among Fall 2014 California freshmen,
  - 34% are from under-represented ethnic groups
  - 43% are the first generation in their family to attend college
  - 21% are from disadvantaged high schools



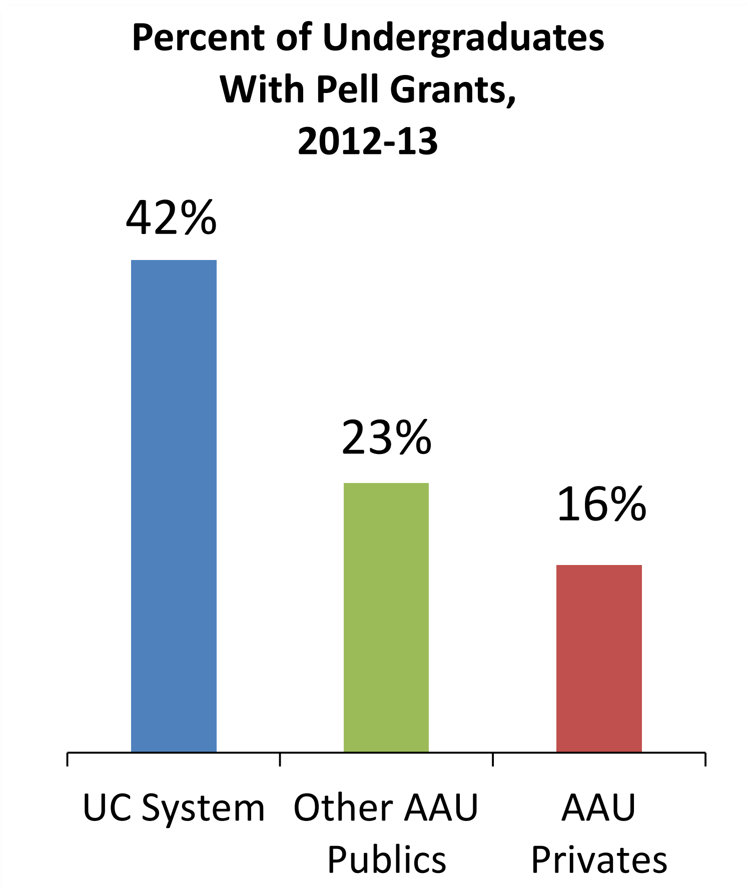
UC estimates that over half of California resident students would continue to have their tuition and fees fully covered

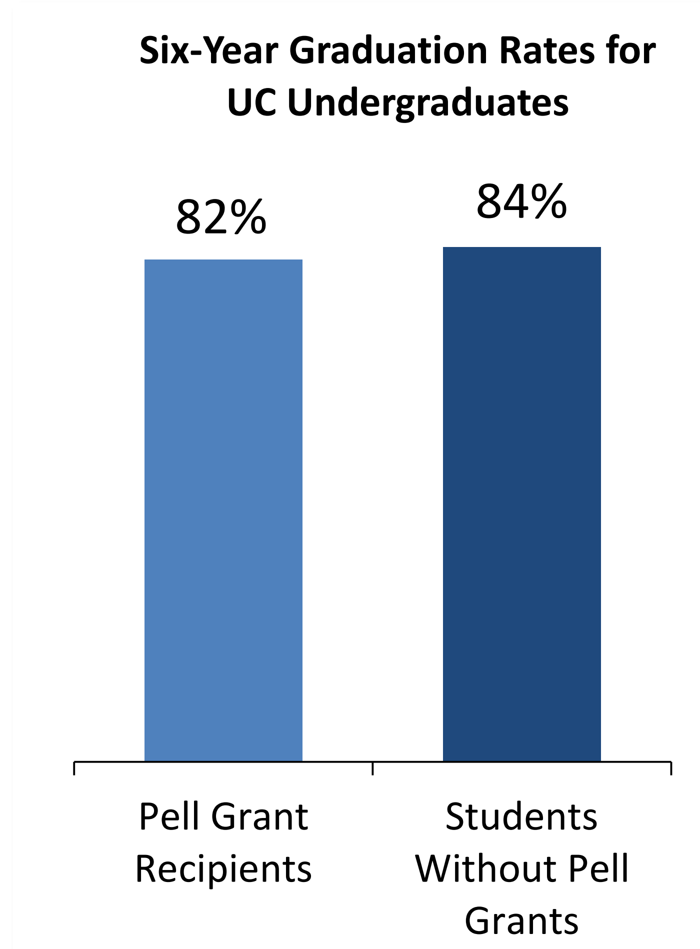


Middle-Class Scholarship Awards are projected to increase by <u>more</u> than the proposed tuition increase for most recipients. Federal tax credits also help cover tuition.



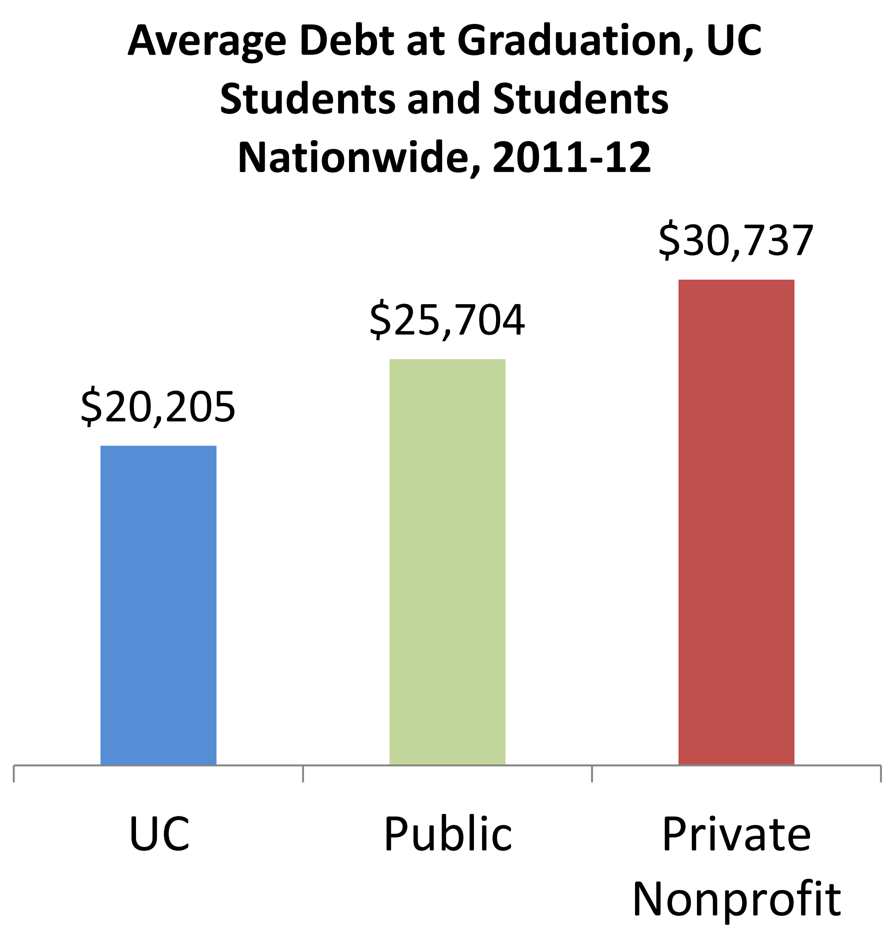
UC continues to enroll a high percentage of students from low-income families – and they graduate at high rates





About half of UC students graduate with no student loans, and students who borrow have less debt than at similar schools

- UC's average debt translates into monthly payments of about $230 (less under longer repayment plans)
- Very manageable given UC graduates' earnings



Under the plan, UC would maintain its outstanding track record of excellence, access, <u>and</u> affordability

"Strikingly, four of the top five institutions on our list are University of California campuses… The state's system has a distinct blend of size, diversity, and research excellence. By enrolling top students from a huge state with a highly varied population, ***UC campuses are able to balance academic excellence with scientific prowess and a commitment to enrolling low-income students that is unmatched at similar national universities."***

Washington Monthly 2014 College Rankings