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

November 19, 2014
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 and 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.
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

Average Annual Increase, 1971 to 2013

<table>
<thead>
<tr>
<th>Type</th>
<th>Average Increase</th>
</tr>
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<tbody>
<tr>
<td>UC Plan</td>
<td>5.0%</td>
</tr>
<tr>
<td>Public 4-Year</td>
<td>7.5%</td>
</tr>
<tr>
<td>Private Nonprofit</td>
<td>6.9%</td>
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</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Institution</th>
<th>Increase ($)</th>
<th>Increase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UC</td>
<td>$93</td>
<td>1%</td>
</tr>
<tr>
<td>Buffalo</td>
<td>$1,389</td>
<td>19%</td>
</tr>
<tr>
<td>Illinois</td>
<td>$1,743</td>
<td>11%</td>
</tr>
<tr>
<td>Michigan</td>
<td>$992</td>
<td>7%</td>
</tr>
<tr>
<td>Virginia</td>
<td>$2,578</td>
<td>26%</td>
</tr>
<tr>
<td>Stanford</td>
<td>$4,188</td>
<td>10%</td>
</tr>
<tr>
<td>Harvard</td>
<td>$4,087</td>
<td>10%</td>
</tr>
<tr>
<td>MIT</td>
<td>$4,284</td>
<td>11%</td>
</tr>
<tr>
<td>Yale</td>
<td>$5,300</td>
<td>13%</td>
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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.

Percentage of CA Undergraduates with Grant and Scholarship Covering Systemwide Tuition and Fees, 2013-14

- Fully Covered: 55%
- Partly Covered: 14%
- Not Covered: 31%
Middle-Class Scholarship Awards are projected to increase by more 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

**Percent of Undergraduates With Pell Grants, 2012-13**

- UC System: 42%
- Other AAU Publics: 23%
- AAU Privates: 16%

**Six-Year Graduation Rates for UC Undergraduates**

- Pell Grant Recipients: 82%
- Students Without Pell Grants: 84%
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.

### Average Debt at Graduation, UC Students and Students Nationwide, 2011-12

<table>
<thead>
<tr>
<th></th>
<th>UC</th>
<th>Public</th>
<th>Private Nonprofit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>$20,205</td>
<td>$25,704</td>
<td>$30,737</td>
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</table>

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“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*