

The Regents of the University of California

**COMMITTEE ON FINANCE
COMMITTEE ON EDUCATIONAL POLICY**

March 24, 2010

The Committees on Finance and Educational Policy met jointly on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Representing the Committee on Finance: Regents Bernal, Island, Lozano, Makarechian, Schilling, and Varner; Ex officio members Gould and Yudof; Advisory members DeFreece and Simmons; Staff Advisor Martinez
Representing the Committee on Educational Policy: Regents Island, Lansing, Lozano, Marcus, and Reiss; Ex officio members Gould, Yudof, and Zettel; Advisory members Cheng and Powell; Staff Advisor Martinez

In attendance: Regents De La Peña, Kieffer, Nunn Gorman, Ruiz, and Stovitz, Regent-designate Hime, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Senior Vice President Dooley, Vice Presidents Beckwith, Duckett, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Johns

The meeting convened at 2:15 p.m. with Committee on Finance Chair Lozano presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of January 20, 2010 were approved.

2. ADOPTION OF STATEMENT CLARIFYING THE UNIVERSITY OF CALIFORNIA’S STUDENT FEE POLICIES

The General Counsel recommended that the Committee on Finance recommend that the Regents approve clarifying the intent and purpose of the Regents’ student fee policies by placing an asterisk following the title of *The University of California Student Fee Policy; Principles Underlying the Determination of Registration Fees; Policy on Fees for Selected Professional School Students; and Principles Underlying the Determination of Fees for Students of Professional Degree Programs*, and inserting the following language at the end of the student fee policies, as shown in Attachment 1:

**Nothing in this policy constitutes a contract, an offer of a contract, or a promise that any fees ultimately authorized by The Regents will be limited by any term or provision of*

this policy. The Regents expressly reserves the right and option, in its absolute discretion, to establish fees at any level it deems appropriate based on a full consideration of the circumstances, and nothing in this policy shall be a basis for any party to rely on fees of a specified level or based on a specified formula.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

[Regents were provided with a packet of correspondence received regarding this item, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee on Finance Chair Lozano asked that this item be understood within the context of the University's process for establishing fees.

General Counsel Robinson explained that this item concerned a proposal to insert a statement at the beginning of the University's student fee policies clarifying the legal effect of those policies. Many of the policies specify certain formulas or other requirements that are to guide the administration in presenting fee proposals to the Regents for approval. These formulas and requirements do not bind and are not intended to bind the Regents or to preclude them from taking whatever action they deem appropriate, regardless of policy language, nor are they intended to preclude the administration from seeking an exception to the policies. These conclusions are important because the courts have found, in recent student fee litigation, that statements posted on the University's websites have contractually bound the University. The UC fee policies are posted on these websites. While the Office of the General Counsel believes that the intent of the student fee policies is clear, it proposes this additional clarifying statement out of an abundance of caution and to avoid any confusion for potential applicants or the general public.

Mr. Robinson called attention to a letter received by the Regents from the UCLA Graduate Student Association. This letter refers to policy changes not currently before the Board and does not refer to the current item. He emphasized that the statement being proposed for adoption would not change policy in any respect. It has always been the case that the requirements mentioned earlier are not binding on the Regents. The proposed statement is a clarification, not a change in policy.

Questions have been raised about notice requirements and about how the University provides notice to students about fees and fee increases. All fees must be approved by the Regents. There is obviously a process by which proposals are noticed and brought to the Regents for approval. It is the University's practice, when an administrative decision has been made to raise fees, to inform students and applicants as soon as possible. The University sends out electronic invoices when it requests payment from students; it is the University's practice not to change fee levels once these electronic invoices have been sent. None of these practices will be changed by the statement now being proposed for adoption.

Chairman Gould remarked on the appropriateness of this item, given a history of litigation in this area.

Regent Bernal expressed his opposition to the item. He emphasized the importance of timely notification for students and expressed his view that this item negates the potential for such notification.

Committee on Finance Chair Lozano stated that the proposed language does not change the current authority of the Board or the notification process.

Upon motion duly made and seconded, the Committee on Finance approved the President's recommendation and voted to present it to the Board, with Regent Bernal voting "no."

The meeting adjourned at 2:20 p.m.

Attest:

Secretary and Chief of Staff

Additions shown by underscoring

THE UNIVERSITY OF CALIFORNIA STUDENT FEE POLICY*

A Student Fee Policy affecting the Educational Fee and the University Registration Fee is established with the following provisions.

A. The Educational Fee

The Educational Fee is a Universitywide mandatory charge assessed against each resident and nonresident registered student. The Educational Fee is assessed uniformly across all campuses of the University.

In addition to funding programs and services supported by the Educational Fee (such as student financial aid and related programs, admissions, registration, administration, libraries, and operation and maintenance of plant), income generated by the Educational Fee may be used for general support of the University's operating budget. Revenue from the Educational Fee may be used to fund all costs related to instruction, including faculty salaries.

In recommending to the Board the annual Educational Fee level, the President shall take into consideration the following factors:

1. the resources necessary to maintain access under the Master Plan, to sustain academic quality, and to achieve the University's overall mission;
2. the full cost of attending the University, including the cost of housing, food, healthcare, books and supplies, transportation, and other academic and personal expenses;
3. the amount of support available from various sources to assist needy students in funding the full cost of their education;
4. overall State General Fund support for the University; and
5. the full cost of attendance at comparable public institutions.

The President annually shall solicit faculty and student views on the level of the Educational Fee, through the appropriate consultation processes.

B. The University Registration Fee

The University Registration Fee is a Universitywide mandatory charge assessed against each registered resident and nonresident student.

Income generated by the University Registration Fee may be used to support services which benefit the student and which are complementary to, but not a part of, the instructional program. These programs include, but are not limited to, operating and capital expenses for services related to the physical and psychological health and well-being of students; social and cultural activities and programs; services related to campus life and campus community; and educational

and career support. These programs create a supportive learning environment and provide general student enrichment.

Given the campus-specific programs and services funded by this Fee, the University Registration Fee need not be uniform across campuses. The Board of Regents shall establish annually a range within which campuses are to establish a specific fee level for the next academic year.

Chancellors annually shall solicit student views on the level of the campus Registration Fee, for their respective campuses, for the next academic year through the campus Registration Fee Advisory Committees, consistent with the range established by the Board.

Chancellors annually shall submit to the President, for final review and approval, the level of the University Registration Fee for their respective campuses. The President shall inform the Board of Regents what the University Registration Fee level will be, by campus, for the coming year.

C. Notification to Students

To assist students and their parents in planning for future educational expenses, the President shall report annually to the Board the proposed fee levels for the Educational Fee and the range of the University Registration Fee for the next academic year, and the anticipated fee levels (in the case of the Educational Fee) or ranges (in the case of the University Registration Fee) for the following three years.

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PRINCIPLES UNDERLYING THE DETERMINATION OF REGISTRATION FEES*

(1) The Regents approve the development of a multi-year plan to address needs as they arise, such as student mental health support.

(2) The Regents approve the allocation of a significant fraction of the proposed increase in Registration Fee for 2007-08 as permanent funds and as a first step towards meeting the needs of student mental health support.

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POLICY ON FEES FOR SELECTED PROFESSIONAL SCHOOL STUDENTS*

(1) A Fee for Selected Professional School Students be assessed to students enrolled in graduate professional degree programs, as determined by The Regents, to sustain and enhance the quality of the professional schools' academic programs and services.

(2) Revenue from professional school fees will remain with the campuses and will not be used to offset reductions in State support.

(3) Fees for professional school students will be approved by The Regents, within the context of a multi-year plan that is subject to annual reconsideration.

(4) The Provost is responsible for ensuring that the leadership of each campus designs a multi-year plan of fee increases for each professional degree program in a manner that effectively advances the program's mission and strategic academic plan.

(5) In developing a program's multi-year plan, the following factors are among those to be taken into consideration: the amount of resources required to sustain academic quality at, and enrollments in, the particular professional degree program; the ability of the program to remain competitive with other institutions of similar quality; the cost of education for each specific degree program; the resident and nonresident tuition and fees charged by comparable public and private institutions for each specific program; and other market-based factors (such as scholarship and grant support) that permit the degree program to compete successfully for students. Within this context, different fee levels may be set for professional programs in the same discipline at different campuses.

(6) Financial aid targeted for students enrolled in professional degree programs is necessary to ensure access to the degree program, and to minimize financial barriers to the pursuit of careers in public service. The Provost is responsible for ensuring that each campus complements its proposed multi-year plans for professional degree programs with financial aid measures, including scholarships, grants and loan repayment assistance programs, to adequately meet these goals. Financial aid sources should be supplemented by an amount equivalent to at least 33 percent of new professional school fee revenue or by an amount necessary to ensure that financial aid sources are equivalent to at least 33 percent of all professional school fee revenue. Campuses will regularly evaluate and report on the effectiveness of these financial aid measures.

(7) The following conditions are adopted for future professional degree fee increases:

(A) Access and inclusion are among the University's core commitments, and student affordability is a vitally important component to a public education system. Any increases in professional degree fees (PDFs) must be justified by programmatic and financial needs, but also must not adversely affect the University's commitment to access, inclusion, and keeping the door open for students interested in pursuing low-paying public interest careers.

(B) With this sentiment in mind, if a professional school unit wishes to propose a PDF increase greater than 6 percent or in excess of the percentage increase in the Education Fee for a given

year, it must submit a plan, endorsed by its chancellor, describing academic and/or programmatic reasons for the requested increase and describing policies to ensure or enhance access and inclusion in the face of the rising fees.

(C) Each plan should consider the following (including expenditure projections, design parameters, and performance metrics) components:

- i. Front-end financial aid such that needy students are able to pursue their academic and summer interests without regard to financial considerations.
- ii. Loan forgiveness programs (or some equivalent alternative program) for, among others, students interested in pursuing low-paying public service jobs such that their debt from professional school does not unduly restrict their career decision.
- iii. A strategy for inclusion of underrepresented groups.
- iv. A detailed marketing and outreach plan to explain financial aid and loan forgiveness.

(D) Each unit's PDF plan shall also include:

- i. Assurances that in any program directly supported by State 19900 funds, the total in-state fees charged will be at or below the total tuition and/or fees charged by comparable degree programs at other comparable public institutions.
- ii. Information as to the views of the unit's student body and faculty on the proposed increase. This information may be obtained in a variety of ways ranging from consultations with elected student leaders and faculty executive committees to referenda. The information would be treated as advisory, but The Regents would view more favorably PDF proposals that enjoy the support of a unit's faculty and student body.

(E) The Provost and Executive Vice President will provide further guidance and coordination as needed to the campuses and to elements of the Office of the President, and coordinate submission of the PDF proposals to The Regents for annual action. Chancellors will carefully review PDF proposals and the supporting plans concerning financial aid, loan forgiveness, outreach, evaluation, and implementation of corrective measures if needed (such as a PDF rollback, freeze, limit on future increases, or other financial and/or non-financial measures), and forward the PDF proposals as revised to the Office of the President. PDF proposals from the campuses and as submitted to The Regents should cover a rolling period of not less than three years.

(F) These conditions are effective in academic year 2009-10 and onwards. For academic year 2008-09, any PDF increases greater than 6 percent approved by The Regents are conditional on the President's determination by March 1, 2008, that the unit has satisfied conditions equivalent to those above; such a determination will be reported to The Regents for information.

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PRINCIPLES UNDERLYING THE DETERMINATION OF FEES FOR STUDENTS OF PROFESSIONAL DEGREE PROGRAMS*

1. The Regents approve professional school fees according to a multi-year plan, subject to annual reconsideration.
2. The Regents adopt the principle that different professional programs in the same discipline at different campuses may have fees set at different levels; and that in doing so, The Regents confirm the commitment to maintaining a single fee level for in-state undergraduate students for all campuses across the system, a single fee level for out-of-state undergraduate students for all campuses across the system, a single fee level for in-state graduate academic students for all campuses across the system, and a single fee level for out-of-state graduate academic students for all campuses across the system.
3. It is the policy of The Regents that State support for professional schools should not decline, in the event that professional differential fees increase.
4. The Regents endorse the critical importance of campus plans for targeted financial aid for students in professional degree programs to assure access and to minimize financial barriers to the pursuit of careers in public service; The Regents charge the Provost and Executive Vice President with ensuring that each campus complements its proposed professional degree fee policies with such financial aid measures, including scholarships and loan forgiveness; and that the effectiveness of such programs be evaluated regularly.
5. The Regents charge the Provost and Executive Vice President with ensuring that the leadership of each campus designs its proposed professional degree fees in a manner that effectively advances the mission and strategic academic plan of each program.

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