ATTACHMENT A

UNIVERSITY OF CALIFORNIA POLICY ON FEES FOR SELECTED PROFESSIONAL SCHOOL STUDENTS

Approved January 21, 1994

- (1) A Fee for Selected Professional School Students be assessed to students enrolled in the first graduate professional degree programs in dentistry (D.D.S.), veterinary medicine (D.V.M.), business/management (M.B.A), law (J.D.), and medicine (M.D.), taking into consideration the following factors: the amount of resources required to sustain academic quality at, and enrollments in, the particular professional program; the ability of the University to remain competitive with other institutions; the cost of education for each specific program; the average fees charged by comparable public and private institutions for each specific program; overall State General Fund support for the University; and other market-based factors that permit University programs to compete successfully for students.
- (2) The Fee for Selected Professional School Students be phased in over time so that the total fees charged to students enrolled in each of the five professional programs be similar to the average fee charged for that program by comparable, high-quality institutions across the nation.
- (3) An amount of funding equivalent to at least one-third of the total fee revenue be used to provide supplemental financial aid, including loan forgiveness programs, to help maintain the affordability of a professional school education, and the remaining revenue be retained by the professional school and be used to sustain and enhance the quality of the professional schools' academic programs and student services and to fund the costs related to instruction.

ATTACHMENT B

DRAFT GUIDING PRINCIPLES FOR PROFESSIONAL SCHOOL FEES

- Professional school fees should not be the sole source of support, but rather one of several funding sources, including State funds, that support the academic programs of the professional schools.
- Revenue from future professional school fee increases approved by The Regents should be used by the Chancellor to maintain and enhance the quality of the schools and their programs and to maintain access through additional financial aid, including loan forgiveness programs for graduates who choose less lucrative careers in public interest professions, not-for-profit sectors, and underserved communities.
- The following factors will be taken into account when setting professional school fees: the amount of resources required to sustain academic quality at, and enrollments in, a particular professional program; the ability of the University to remain competitive with other institutions; the level of State General Fund support for a professional school; the average fees charged by comparable public and private institutions for each specific program; and other market-based factors that permit University programs to recruit high quality students and faculty.
- Professional school fees for California residents, in general, should be set at levels
 that, when combined with mandatory systemwide Educational and Registration Fees,
 are comparable to the in-state rates charged at public peer institutions of comparable
 quality for similar professional programs.
- In addition to the systemwide professional school fee increase to cover salary and non-salary price increases, Chancellors may request approval of a supplemental increase in the fee for a particular professional program to provide supplemental financial aid and to enhance the quality of the academic program.
- Nonresident tuition should be set at a level that brings the total tuition and fees for a
 professional degree program for those students who are not residents of California to
 a level comparable to those charged by that professional school's public peer
 institutions.

Office of the President

TO THE MEMBERS OF THE COMMITTEE ON FINANCE

DISCUSSION ITEM

For the Meeting of November 16, 2005

PLANNING FOR PROFESSIONAL SCHOOL FEE INCREASES, 2007-08 AND 2008-09

In conjunction with the comprehensive discussion of the proposed 2006-07 budget, issues related to planning for professional school fee increases for 2007-08 and 2008-09 will be discussed.

Because professional school fees have had to increase significantly over the past few years to offset budget cuts, the Regents requested a longer-term plan for future increases in fees for professional school students. As background, an excerpt from the 2006-07 Budget for Current Operations on professional school fees is attached (Attachment 1).

Historically, many of UC's professional schools have held a place of prominence in the nation, promising a top-quality education for a reasonable price. As discussed at previous Regents' meetings, the cuts that have occurred, both in the early 1990s and during the more recent budget crisis, have devastated the resources available to the professional schools to such a degree that the schools are extremely concerned about their ability to recruit and retain excellent faculty, provide a top-notch curriculum, and attract high-caliber students – all of which are important components of excellence in these schools. The professional schools see the current circumstances as a crisis of quality and believe that significant steps, including raising student fees, must be taken to regain the excellence that recent budget cuts have threatened.

It is within this context that the University has engaged in near-term and longer-term planning for professional school programs, including consideration of fee increases in the Educational Fee and professional school fees. Longer-term planning will need to address the recruitment and retention of excellent faculty, including meeting salary and employer retirement contribution costs; ensure the development or maintenance of a high-quality curriculum; and improve the school's ability to recruit high-caliber students. At the same time, campuses are committed to providing additional financial aid to students, including funding to develop new loan assistance programs or expand existing ones. Longer-term planning for fee increases for professional school students has been undertaken to address three objectives: (1) to address ongoing needs for salary increases, employer retirement costs, other price increases, and provide funding for additional financial aid; (2) to stabilize funding for the schools so they can begin repairing the damage that has been sustained as a result of the cuts; and (3) to begin re-building high quality programs that are competitive with those offered at comparable public and private institutions. The planning assumes that fees for professional school students will be adjusted annually and that campuses will retain the revenue from professional school fees to cover salary costs, employer retirement contributions, and other cost increases, provide additional financial aid, and

begin to make modest improvements to their academic programs. Rebuilding the quality of the professional programs and providing more financial aid will require a multi-year effort, including a sustained program of fee increases in the Educational Fee and professional school fee.

For 2007-08 and 2008-09, increases in the range of 7 percent to 8 percent in the Educational Fee and professional school fees are likely to be needed for most professional school programs to cover salary increases, employer retirement contributions, and other price increases. Additional revenue will be needed to fund increases in financial aid and to fund higher salary increases to begin addressing the chronic gap in salaries for professional school faculty. A sustained program of fee increases over and above the levels proposed for other professional schools is recommended for the law and business schools at Berkeley and UCLA to begin to restore excellence and ensure broad accessibility. Accordingly, just as the proposed fee increases for the law and business schools at Berkeley and UCLA for 2006-07 are higher than those proposed for other programs, increases for these programs in future years also are likely to be higher—at least 10 percent per year and perhaps more if additional funds are needed to restore quality to those programs, including hiring additional faculty, paying competitive salaries, and providing increased financial aid.

Some uncertainties exist, however. It is unclear how employer retirement contribution costs will be funded or when employer retirement contributions are likely to begin to be phased in over time, perhaps as early as 2007-08. Under the Compact, the Governor is committed to covering the portion of employer retirement contributions that is funded from State funds. Because student fees have increased dramatically in recent years to offset significant State budget cuts, it would be unreasonable to also raise fees to cover employer contributions to the retirement system for programs funded from student fees. Therefore, the University intends to seek funding from the State to also cover the portion of employer retirement contributions that is funded from student fees. However, it is not clear whether that will be achievable. In the context of these uncertainties, the University is proposing specific increases in professional school fees for 2006-07 only at this time and will, instead, make specific proposals for 2007-08 and 2008-09 after more is known about funding for and timing of the reinstatement of retirement contributions.

The University's 2006-07 budget plan includes increases in the Educational Fee for all professional school students and professional school fees of 5 percent for most professional school programs to cover cost increases in programs funded from Educational Fee and professional school fee revenue. To address the effects of the State budget cuts applied disproportionately to programs in law and business in previous years, the 2006-07 budget plan includes professional school fee increases of 10 percent for the law and business schools at Berkeley and UCLA and for the law program at the Davis campus. The professional school fee increases will range from \$161 for nursing students to \$1,737 for business students.

The 2006-07 increases in the Educational Fee for professional school students will generate nearly \$2.4 million in new fee revenue, and the professional school fee increases will generate approximately \$9.4 million in new fee revenue. An amount equivalent to at least 33 percent of the new fee revenue generated from the increases in mandatory systemwide fees and professional school fees would be used for financial aid for professional students.

The Regents' Policy on Fees for Professional School Students is now outdated and inoperative, given the deep cuts that have occurred to the professional school budgets and the University as a whole, which have resulted in changes in the proportion of fee revenue dedicated to financial aid and an expansion in the number of affected degree programs. The Office of the President in consultation with the campuses has developed draft guiding principles for setting professional school fees for The Regents' consideration (Attachment 2). It is anticipated that these draft guiding principles would be reviewed over the next several months and approved by The Regents to replace the current Policy.

(Attachments)

Excerpt from: 2006-07 Budget for Current Operations

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Mandatory Student Fees – Professional School Students

Historically, many of UC's professional schools have held a place of prominence in the nation, promising a top-quality education for a reasonable price. The cuts that have occurred, both in the early 1990s and during the more recent budget crisis, have devastated the resources available to the professional schools to such a degree that the schools are extremely concerned about their ability to recruit and retain excellent faculty, provide a top-notch curriculum, and attract high-caliber students – all of which are important components of excellence in these schools. Once started on a downward spiral, it is very difficult to recover to previous levels of excellence. The professional schools see this as a crisis of quality and believe significant steps, including raising student fees, must be taken to regain the excellence recent budget cuts have threatened.

Since the initial implementation of professional school fees, professional schools have been largely supported by a combination of sources, including State general funds, Educational Fee revenue, and professional school fee revenue, among others. Because fee increases have been used to offset budget cuts and have generated little or no additional revenue for the schools, professional schools have fallen further behind in their ability to offer competitive salaries to their faculty and staff. The financial circumstances of the schools are severely strained and will require a sustained program of fee increases over time.

It is within this context that the University has engaged in longer-term planning, including consideration of fee increases in the Educational Fee and the professional school fees for professional school students, as described more fully later in this chapter. Because professional school fees have had to increase significantly over the past few years to offset budget cuts, The Regents have requested a longer-term plan for future increases in fees for professional school students. This is consistent with the Compact, which calls for the University to develop long-term plans for increasing fees for selected professional school students. The Office of the President and the campuses have engaged in a series of discussions and analytical activities as part of the planning for increases in fees for professional schools over the next several years. The planning assumes that fees for professional school students will be adjusted annually and that campuses will retain the revenue from professional school fees to cover salary costs, employer retirement contributions, and other cost increases, provide additional financial aid, and begin to make modest improvements to their academic programs.

The Compact with the Governor provides that the University will develop plans to achieve student fee levels in professional schools taking into consideration a number of factors. Planning activities have been undertaken with these in mind:

- average fees at other public comparison institutions;
- average cost of instruction;
- total cost of attendance;
- market factors;
- the need to preserve and enhance the quality of the professional programs;
- the State's need for more graduates in a particular discipline; and
- the financial aid requirements of professional school students.

The University's continuing commitment to provide financial aid for professional school students is reaffirmed by the Compact, and the University will continue to provide an amount equivalent to a specified proportion of new fee revenue annually for financial aid for professional students.

A multi-year plan for fee increases for professional school students is not being presented at this time. Instead, fee increases for professional school students proposed for 2006-07 are included as part of the 2006-07 budget plan to be brought to the Board for approval at the November meeting. Longer-term planning issues related to professional school fee increases for 2007-08 and 2008-09 will be presented separately to The Regents for discussion at the November meeting.

2006-07 Budget Plan

For the *Educational Fee* charged to professional school students, the University is proposing increases of 5 percent as part of the 2006-07 budget plan. For the portion of the professional schools' budgets that are funded from the Educational Fee, the revenue generated from the Educational Fee increases would be used to cover salary increases and non-salary price increases, provide additional financial aid, and make modest program improvements.

In addition, for 2006-07 professional school students will pay a \$1,050 temporary increase in the Educational Fee previously approved by The Regents to cover lost revenue associated with a lawsuit currently before the courts brought by professional school students who are seeking relief from recent fee increases. The court has issued a preliminary injunction preventing the University from charging professional school fee increases in 2004-05 and 2005-06 to the specified class of students. This lawsuit is discussed in more detail later in this chapter.

The 2006-07 increases in the Educational Fee would generate nearly \$2.4 million in new fee revenue, and an amount equivalent to at least 33 percent of the new fee revenue from the increases in mandatory systemwide fees would be used for financial aid for professional students.

For *professional school fees*, increases of 5 percent for most professional degree programs are proposed in the 2006-07 budget plan. These increases will stop further erosion to the programs. For that portion of the schools' budgets that are funded from professional school fees, the revenue generated from professional school fee increases would be used to cover salary increases and non-salary price increases, provide additional financial aid including funding to develop new loan assistance programs or expand existing ones, and make modest program improvements.

Because of disproportionate cuts in State General Funds to law and business programs in the last few years, the schools of law and business at Berkeley and UCLA and the law school on the Davis campus are finding it particularly difficult to remain competitive with their peer institutions without additional resources. The 2004-05 Governor's Budget presented in January 2004 assumed the University would develop a plan for achieving \$42.2 million in new revenue from increases in professional school fees to be used to offset base budget cuts that otherwise would have been targeted at instructional programs. However, the University was asked to exempt nursing from these increases and to implement a smaller than average increase for students in the schools of medicine. As a result, State-funded budgets for law and business were disproportionately cut in 2004-05.

As noted previously, the University's professional schools are in danger of losing prominence among their peers. The disproportionate cuts taken in law and business have resulted in a number of deficiencies that must be addressed. For example, Berkeley's goal is to return the law school to its former ranking among the top 5 schools in the nation. To reach that goal, the school needs to address the following: the rising student/faculty ratio that has led to increased class sizes; faculty salaries that are well below the average of peer public and private institutions; student services programs that have not kept pace with student needs; and financial aid programs that can ensure public interest career options are available to students upon graduation. If the law school is to reach its goal, additional funding beyond the minimum increases in professional school fees is needed. A similar situation exists at the UCLA and Davis law schools, and at the business schools at Berkeley and UCLA.

While the level of fee increases proposed for other programs for 2006-07 would provide funding for cost increases and some additional financial aid, they would not provide sufficient funds to address the effects of the budget cuts applied disproportionately to these programs. Therefore, The Regents will be asked to

approve professional school fee increases of 10 percent for 2006-07 for the law and business schools at Berkeley and UCLA and for the law program at the Davis campus. It will be important to closely evaluate the impact of these higher increases on enrollments and the schools' ability to be competitive with their peer institutions. If successful, this model could be replicated in future years in other schools.

For 2006-07, professional school fee increases would generate approximately \$9.4 million in new fee revenue, and an amount equivalent to at least 33 percent of the new fee revenue generated from the increases would be used for financial aid for professional students. Some portion of the new fee revenue is expected to be used to establish new and/or expand existing loan repayment programs to help borrowers with public service employment meet their student loan repayment obligations. Display 5 (next page) shows the fee levels previously approved by The Regents, as well as fee levels proposed for 2006-07.

Longer-Term Planning Issues

While the campuses have engaged in planning for the 2006-07 budget year, they also have focused on the need for additional resources for the longer-term. As noted previously, the last four years of sustained budget cuts have resulted in a dramatic

Display 5

				A				essional Scho rst Enrollme		Students resident student	s)		
					Fees P	reviously	Approved	by The Rege	ents	1			Professional Fee es for 2006-07
		1994-95	1995-96	1996-97	1997-98	2002-03	2003-04	2004-05		2005-06 Actual	2005-06 Annualized	Proposed Increases	Proposed New Fee Levels
Medicine	\$	2,376	\$ 3,376	\$ 4,376	\$ 5,376	\$ 5,776	\$ 8,549	\$ 13,049	\$	13,440	\$ 13,440	\$ 672	14,112
Dentistry		2,000	3,000	4,000	5,000	5,400	8,060	12,560 *		15,445	15,798	790	16,588
Veterinary Medicine		2,000	3,000	4,000	4,000	4,350	6,565	10,565		10,882	10,882	544	11,426
Law		2,376	4,376	6,376	6,376	6,776	9,849	13,649 *		14,695 - 15,976	15,013 - 16,334	1,501 - 1,633	16,514 - 17,967
Business		2,000	4,000	6,000	6,000	6,400	9,360	13,860 *		14,276 - 16,984	14,276 - 17,371	714 - 1,737	14,990 - 19,108
Riverside		2,000	3,000	4,000	5,000	5,400	9,360	13,860		14,276	14,276	714	14,990
Optometry				2,000	3,000	3,250	4,875	8,675		9,340	9,542	477	10,019
Pharmacy				2,000	3,000	3,250	4,875	8,675 *		10,849	11,098	555	11,653
Nursing				1,500	1,800	1,950	2,925	2,925		3,149	3,218	161	3,379
Theater, Film, & TV				2,000	2,000	2,150	3,185	5,785		5,959	5,959	298	6,257
Public Health								1		4,000	4,000	200	4,200
Public Policy								1		4,000	4,000	200	4,200
Int'l Rels & Pacific St.	l						l	l		4,000	4,000	200	4,200

reduction in State support for the University's professional schools. The financial circumstances of the professional schools are severely strained, and the ability to maintain the quality of their academic programs and to be competitive with other professional schools of comparable quality has been significantly affected. As a result, longer-term planning for fee increases for professional school students has been undertaken to address three objectives: (1) to address ongoing needs for salary increases, employer retirement costs, other price increases, and provide funding for

In addition, professional school students pay mandatory Universitywide fees and miscellaneous campus-based fees.

* Consistent with Regents delegation, the President approved additional fee increases of up to 10% for these professional degree programs at selected campuses Those added amounts are not included in these figures

For 2005-06, The Regents approved fee increases of 3% for all programs. In addition, supplemental increases up to an additional 7% were approved for selected degree programs However, because the supplemental increases were implemented beginning in winter/spring terms, only 2/3 of the increases were assessed. These figures reflect the annualized

additional financial aid; (2) to stabilize funding for the schools so they can begin repairing the damage that has been sustained as a result of the cuts; and (3) to begin re-building high quality programs that are competitive with those offered at comparable public and private institutions.

Such longer-term planning will need to address the recruitment and retention of excellent faculty, including meeting salary and employer retirement contribution costs; ensure the development or maintenance of a high-quality curriculum; and improve the school's ability to recruit high-caliber students. At the same time, campuses also are committed to providing additional financial aid to students, including funding to develop new loan assistance programs or expand existing ones. Rebuilding the quality of the professional programs and providing more financial aid will require a multi-year effort, including a sustained program of fee increases in the Educational Fee and professional school fee.

For 2007-08 and 2008-09, increases in the range of 7 percent - 8 percent in the Educational Fee and professional school fees are likely to be needed for most professional school programs to cover salary increases, employer retirement contributions, and other price increases. Additional revenue will be needed to fund increases in financial aid and to fund higher salary increases to begin addressing the chronic gap in salaries for professional school faculty. A sustained program of fee increases over and above the levels proposed for other professional schools is recommended for the law and business schools at Berkeley and UCLA to begin to restore excellence and ensure broad accessibility. Accordingly, just as the proposed fee increases for the law and business schools at Berkeley and UCLA for 2006-07 are higher than those proposed for other programs, increases for these programs in future years also are likely to be higher—at least 10 percent per year and perhaps more if additional funds are needed to restore quality to those programs, including hiring additional faculty, paying competitive salaries, and providing increased financial aid.

Some uncertainties exist, however. It is unclear how employer retirement contribution costs will be funded or when employer retirement contributions are likely to begin, perhaps as early as 2007-08. Under the Compact, the Administration is committed to covering the portion of employer retirement contributions that is funded from State funds. Because student fees have increased dramatically in recent years to offset significant State budget cuts, it would be unreasonable to also raise fees to cover employer contributions to the retirement system for programs funded from student fees. Therefore, the University intends to seek funding from the State to also cover the portion of employer retirement contributions that is funded from student fees. However, it is not clear whether that will be achievable. In the context of these uncertainties, the University is not proposing specific increases in professional school fees for 2007-08 and 2008-09 at

this time and will, instead, make specific proposals after more is known about funding for and timing of the reinstatement of retirement contributions.

History of Professional School Fees

<u>Policy.</u> Pursuant to the provisions of the 1990 State Budget Act, a Special Fee for Law School and Medical School Students of \$376 per year was implemented, effective as of 1990-91.

In January 1994, The Regents approved a Fee Policy for Selected Professional School Students, authorizing fees for students in selected professional degree programs that are required in addition to mandatory systemwide fees and miscellaneous campus-based fees and, when appropriate, nonresident tuition. In approving the fee policy, the University reaffirmed its commitment to maintain academic quality and enrollment in the professional school programs, and recognized that earning a degree in these programs benefits the individual financially as well as the state.

The Regents Policy is now outdated and inoperative, given the enormous cuts that have occurred to the professional school budgets and the University as a whole, which have resulted in changes in the proportion of fee revenue dedicated to financial aid and an expansion in the number of affected degree programs. In addition, while the policy provides that the fee for each professional degree program is to be phased in so that total student charges at UC are approximately the average of fees charged for that program by comparable high quality institutions across the nation, in some cases, total student charges at UC now are higher than the average at comparison institutions. An update to current policy is needed to address The Regents' continuing goals to provide access and a high quality professional education for UC students in the current economic environment. Principles for setting fee levels, based on the understandings reached with the State on the Compact, will be discussed by The Regents at the November meeting in conjunction with the discussion of the longer-term planning issues facing professional school students.

Budget Cuts and Fee Increases. In 1997, AB 1318 (Chapter 853) was enacted, which, among its provisions, specified a two-year freeze on fees for California residents, including those enrolled in graduate academic or professional school programs. Thus, the planned professional school fee increases for 1998-99 that were previously reviewed by The Regents were not implemented. Not only were professional school program fees frozen at 1997-98 levels through 1999-2000, but the University also received no funds for cost increases associated with programs supported from these fees. The State Budget Acts of 2000 and 2001 recognized this disparity and included \$1.4 million and \$1.5 million respectively to provide cost increases for programs funded from Fees for Selected Professional School Students.

These fees did not increase again until the 2002-03 budget year, when mid-year cuts resulted in fee increases in mandatory systemwide fees and professional school fees. In 2003-04, professional school fees were increased by about 30 percent and the revenue was used to offset base budget cuts for the University that otherwise would have been targeted at Instruction.

The 2004-05 Governor's Budget presented in January 2004 assumed the University would develop a plan for achieving \$42.2 million in new revenue from increases in professional school fees to be used to offset base budget cuts that otherwise would have again been targeted at Instruction. To achieve that revenue target, fees would need to have increased by about \$5,000 per student. The University was asked to exempt nursing from these increases and to implement a smaller than average increase for students in the schools of medicine. However, a few of the schools—such as optometry, pharmacy, and theater, film, & TV—could not sustain increases of \$5,000 and continue to attract sufficient numbers of highly qualified students.

After review of the options available, and considering the short notice to students, The Regents approved increases in these fees averaging approximately 30 percent for 2004-05. These increases generated approximately \$37 million in income, falling \$5 million short of the revenue proposed by the Governor. The campuses absorbed the \$5 million shortfall on a temporary basis through cuts to other programs. As noted previously, to cover this shortfall permanently, mandatory systemwide fees charged to professional school students were increased for 2005-06 by \$628, the same dollar amount of increase proposed for graduate academic students. One issue of major concern was that the Governor's 2004-05 proposal did not assume any return-to-aid from the increase in professional school fees. Moreover, the professional schools affected have been very concerned about their ability to maintain the quality of their programs and to be competitive with other professional schools, particularly if students will be paying significantly more to attend these schools. To address the academic quality and financial aid issues associated with this proposal, The Regents delegated authority to the President to raise the fee at any of the professional schools in 2004-05 by an additional amount not to exceed 10 percent of total systemwide fees paid by professional school students (i.e. Educational Fee, Registration Fee, and Professional School Fee), if it was determined that a higher fee was needed to provide sufficient financial aid, and/or maintain quality of the academic program. The following schools exercised this option in amounts ranging from \$1,000 to \$1,932, while the remaining schools made no further changes in their fee levels:

Law and Business at Berkeley and Los Angeles Dentistry at Los Angeles and San Francisco Pharmacy at San Diego and San Francisco For 2005-06, The Regents approved a 3 percent across-the-board increase in professional school fees to cover salary costs and non-salary price increases. In addition, The Regents approved new professional school fees for students enrolled in degrees in public health, public policy, and the San Diego campus program in international relations and Pacific studies. At the same time, recognizing that the professional schools have been unable to make the financial investments necessary to maintain the academic quality of their programs and to provide additional financial aid to their students, the Board stated its intention to review any proposals for supplemental increases in professional school fees that might be proposed by the individual schools.

At the May 2005 meeting, increases of up to an additional 7 percent were proposed for specified professional degree programs; when combined with the 3 percent increase approved for all professional degree programs, the total increase proposed for these programs was a maximum of 10 percent. The proposed increases varied by school, campus, and residency status, and ranged from \$205 in nursing to \$1,163 for MBA students at UCLA.

The full 10 percent increases in professional school fees were approved for implementation in 2006-07. However, for 2005-06, 2/3 of the proposed professional fee increases were approved for implementation beginning in Winter quarter/Spring semester to ensure that students received adequate notice. This action resulted in an increase for 2005-06 of about 7.7 percent in professional school fees over 2004-05 for the identified degree programs.

For 2005-06, the following schools will implement supplemental increases in professional school fees, ranging from \$136 to \$776 beginning in Winter quarter/Spring 2006.

Law at Berkeley, Davis, and Los Angeles Business at Berkeley, Irvine, and Los Angeles Dentistry at Los Angeles and San Francisco Pharmacy at San Diego and San Francisco Nursing at Los Angeles and San Francisco Optometry at Berkeley

UC and Comparison Institution Professional School Fees

Display 6 (next page) shows 2005-06 professional school fees at the University of California in relation to the University's four public salary comparison institutions. Additional public institutions are used for fee comparison purposes where the University's four public salary comparison institutions do not offer comparable degree programs or where the University's programs use other peer institutions for fee comparison purposes. While they are not used for fee comparison purposes, the

table also shows the 2005-06 tuition and fees at the University's four private salary comparison institutions. The private comparison institutions do not offer all of the professional degree programs that UC offers; therefore the comparisons focus on medicine, law, and business administration.

Fees for resident students enrolled in law, business, public health, public policy, and the IRPS program at UCSD are now approximately the same as the average of the tuition and fees charged by comparable public institutions for 2005-06. Fees remain well below the average of tuition and fees at comparison institutions for resident students enrolled in medicine (\$2,469) and nursing (\$1,173). However, UC fees are now higher than tuition and fees charged at comparable public institutions in all the remaining fields, including veterinary medicine (\$4,238), dentistry (\$3,778), pharmacy (\$4,290), optometry (\$1,749), and the theater, film, and TV program at UCLA (\$3,217).

Temporary Educational Fee Increase for Professional School Students

In 2003, students who had been enrolled in UC's professional degree programs prior to December 16, 2002 filed a class action suit against the University alleging that the increases in the Fee for Selected Professional School Students that were approved by The Regents for spring 2003 and for all subsequent years violated a contract between the University and students that the professional school fee would not be increased while they were enrolled. Subsequently, the trial court entered an order granting a preliminary injunction against the University, prohibiting the University from collecting the professional school fee increases approved by The Regents for 2004-05 and 2005-06 from students affected by the lawsuit. If the University should ultimately prevail in the litigation, at the end of 2005-06, the University will have lost more than \$20 million in professional school fee revenue.

To address this revenue loss, The Regents approved a \$1,050 increase in the Educational Fee for implementation in 2006-07, with 2/3 of this increase also approved for implementation in 2005-06 beginning in Winter quarter/Spring semester to ensure that students received adequate notice. This action resulted in an increase in the Educational Fee for 2005-06 of \$700 over 2004-05. At the end of 2006-07, the temporary Educational Fee increase for professional school students will cease. For 2007-08, The Regents approved a temporary increase of \$60 that will be assessed to all students.

Financial Aid for Professional School Students

The majority of UC financial aid funds for professional school students is used for grant and fellowship awards with some funds set aside for loan repayment assistance programs. The majority of financial aid funds from other sources,

however, provides aid in the form of loans. As a result, about two-thirds of all aid awarded to graduate professional students is in the form of loans, rather than fellowships or grants. Student loans are considered appropriate for students pursuing professional degrees because these programs are relatively shorter than doctoral degree programs and students' incomes have the potential to be substantially higher. Students who choose careers in the public interest, however, often forego these higher incomes. Due to a concern about the ability of students with high debt to pursue public interest occupations, some professional schools have developed programs to assist students in meeting their loan repayment obligations after graduation. For 2006-07, the University will expect campuses to expand the size and scope of their loan repayment assistance programs (LRAPs) to help borrowers with public service employment meet their student loan repayment obligations. Initially, the law schools will take the lead in expanding LRAP programs for students pursuing careers in the public interest. If successful, their efforts could be replicated in future years in other schools, where feasible. The University will continue to monitor the debt levels of students enrolled in professional degree programs.

Display 6

	010000					
University of California Medicine Dentistry Medicine Law Admin. Optometry	Pharmacy	Nursing	Theater, Film & TV	Public Health	Public Policy	Int'l Rels. & Pac Studies
2005-06 Resident Fees Average of mandatory systemwide, Average of mandatory systemwide, Campus-based, & professional fees (incl. supplemental prof. fee increases) \$ 22,211 \$ 24,515 \$ 21,701 \$24,149* \$23,668* \$ 17,675	\$ 19,519	\$ 11,556	\$ 13,964	\$ 12,503	\$ 12,275	\$ 12,612
Comparison Institution Fees 2005-06 Resident Fees 2005-06 Resident Fees Public Salary Comparison Institutions \$ 22,433 University of Michigan \$ 22,433 University of Virginia \$ 28,700 University of Illinois (Urbana/Champ) \$ 28,700 University of Illinois (Chicago) \$ 26,230 University of Buffalo (SUNY) \$ 21,184 University of Buffalo (SUNY) \$ 21,386 \$ 17,481 \$ 14,741 \$ 9,581	\$ 15,737 \$ 14,570 \$ 15,011	\$ 14,553 \$ 9,815 \$ 13,448	\$ 14,387 \$ 9,810 \$ 9,364 \$ 9,427	\$ 16,069 \$ 10,134	\$ 15,991 \$ 9,810 \$ 8,878	\$ 15,991 \$ 9,810
Additional Fee Comparison Institutions for Selected Programs University of Alabama Cornell University (statutory college) University of Maryland Michigan State University University of Missouri University of Missouri University of Missouri Ohio State University University of Wisconsin University of Washington \$ 15,936 University of Washington				\$ 8,507	\$ 12,586	\$ 15,677 \$ 12,586 \$ 8,257
Public Comparison Institution \$ 24,680 \$ 20,614 \$ 17,863 \$ 23,382 \$ 23,497 \$ 15,926 Average Resident Fees for 2005-06 \$ 24,680 \$ 20,614 \$ 17,863 \$ 23,382 \$ 23,497 \$ 15,926 Private Salary Comparison Institutions, 2005-06 Harvard University \$ 37,906 \$ 40,028 Massachusetts Institute of Technology \$ 38,391 \$ 37,906 \$ 41,484	\$ 15,106	\$ 12,605	\$ 10,747	\$ 11,570	\$ 11,816	\$ 12,464

ATTACHMENT 2

DRAFT GUIDING PRINCIPLES FOR PROFESSIONAL SCHOOL FEES

The University of California's mission under the Master Plan for Higher Education includes a comprehensive array of teaching, research and public service programs. Its professional schools, which complement the academic departments, are essential elements of the University of California's academic enterprise. UC's graduates fill important positions in our knowledge-based economy; their research and scholarly programs produce new knowledge that is valuable to the profession: their continuing education programs ensure that practicing professionals are able to stay current in rapidly changing fields; and their public service offerings enrich the quality of life for the citizens of California.

Californians expect their University to maintain the highest standards; therefore, it is the intent of The Regents, as its stewards, that the University of California is among the best universities in the world. The Board expects nothing less of its professional schools. Maintaining those high standards requires adequate resources, but funding levels for UC's professional schools fell below those of its competitors in the early 1990s.

Because The Regents continue to be concerned about quality and access in the current economic environment, The Regents affirm the following guiding principles for setting professional school fees.

- Professional school fees should not be the sole source of support, but rather one of several funding sources, including State funds, that support the academic programs of the professional schools.
- Revenue from future professional school fee increases approved by The Regents should be used by the Chancellor to maintain and enhance the quality of the schools and their programs and to maintain access through additional financial aid, including loan forgiveness programs for graduates who choose less lucrative careers in public interest professions, not-for-profit sectors, and underserved communities.
- The following factors will be taken into account when setting professional school fees: the amount of resources required to sustain academic quality at, and enrollments in, a particular professional program; the ability of the University to remain competitive with other institutions; the level of State General Fund support for a professional school; the average fees charged by comparable public and private institutions for each specific program; and other market-based factors that permit University programs to recruit high quality students and faculty.
- Professional school fees for California residents, in general, should be set at levels that, when combined with mandatory systemwide Educational and Registration Fees, are comparable to the in-state rates charged at public peer institutions for similar professional programs.

- In addition to the systemwide professional school fee increase to cover salary and non-salary price increases, Chancellors may request approval of a supplemental increase in the fee for a particular professional program to provide supplemental financial aid and to enhance the quality of the academic program.
- Nonresident tuition should be set at a level that brings the total tuition and fees for a professional degree program for those students who are not residents of California to a level comparable to those charged by that professional school's public peer institutions.

ATTACHMENT D

Approaches to Fostering Public Interest Employment in UC Graduate Professional Schools

Executive Summary

The University's professional school programs all share a commitment to foster public interest work among their students. This commitment is expressed though academic programs, experiential opportunities, career counseling, and financial aid programs that expose students to the field of public interest and ensure that it remains a viable career option after graduation.

Fee increases present both a challenge and an opportunity to UC's graduate professional schools in their efforts to foster public interest work. Although higher fees will allow schools to expand and improve the quality of their academic, experiential, and career-oriented programs, higher fees will likely increase student borrowing, which may restrict graduates' employment or practice area choices to those offering salaries sufficient to meet their repayment obligations.

Within the context of The Regents policy on financial aid, schools decide how to best utilize student support, including funds derived from the University's policy of setting aside a portion of new fee revenue for financial aid. Financial support can be delivered either as gift aid to students while they are enrolled, or as loan repayment assistance after they have graduated and entered public interest careers. The first approach reflects a philosophy that a professional degree program should be financially accessible to any academically qualified student, regardless of their economic resources; it emphasizes *equalizing access to the professional degree program*. The second approach reflects a desire to ensure that low-paying public interest careers remain a viable option for its graduates; it emphasizes *equalizing access to career paths*. Both approaches are consistent with the role of financial aid in allowing programs to compete for a socioeconomically diverse set of students and to support the public service component of UC's mission.

The specific role of financial aid in supporting public interest work varies across disciplines. This is not surprising, given the different labor market conditions, competitive pressures, and definitions of public interest work that exist for each discipline. Consequently, the most effective use of new student support funds derived from future fee increases may differ, too. A few generalizations can be made nevertheless:

- Increased investments in UC-funded <u>LRAP programs</u> will be an attractive option when at least four conditions are met: (a) students graduate with high levels of debt; (b) salaries for public interest work are relatively low; (c) salaries for other types of work are reliably high (in absolute terms, not just relative to public interest work) so that, even without additional gift aid, the school remains financially accessible to low-income students, provided they have access to loans and are willing to incur debt; and (d) loan repayment assistance is unavailable to students from other, extramural loan assistance programs.
- Schools where a large proportion of graduates typically enter public interest jobs, where public interest salaries are not significantly lower than those in other jobs, or where few clearly defined public interest career pathways exist will likely focus on providing additional gift aid to preserve access for a diverse population of highly qualified students. UC-funded repayable fellowships for students interested in public interest work might also be considered.

Approaches to Fostering Public Interest Employment in UC Graduate Professional Schools

November 2006

The University's professional degree programs provide education and training that enable students to make important contributions in the private, public, and non-profit sectors in California and beyond. The University places importance on ensuring access for a diverse and qualified population to both the professional schools themselves and, subsequently, to the various career pathways that these schools offer. As a public institution whose mission includes public service, the University has a special responsibility to foster public interest work among professional school students. This report discusses the approaches currently being taken by the University's graduate professional schools to provide academic, experiential, and financial support to students interested in pursuing public interest careers.

Defining Public Interest Work

The definition of public interest careers varies considerably across professional schools. In some professions, "public interest" typically refers to employment in the public or non-profit sectors, where salaries are frequently much lower than what one would earn in the private sector. Examples include working for federal, state, or local government agencies, international organizations such as the United Nations, and a wide-range of non-profit organizations. This alignment between public interest work and employment in the public or non-profit sectors is most common in the fields of business, law, public policy, and public health. In the health science professions, public interest employment generally refers to areas of practice that meet a compelling societal need – e.g., serving low-income populations or practicing in a medically underserved or rural area – although career paths also exist with public agencies such as the Food and Drug Administration and Centers for Disease Control. Some health science programs, such as veterinary medicine and nursing, regularly consider teaching or working in academia as public interest employment. Appendix A provides examples of public interest careers for each of the UC graduate professional schools, along with the estimated percentage of UC graduates who enter public interest careers upon graduation.

Current Concerns About Public Interest Employment

Recent fee increases have significantly increased the cost of obtaining a UC graduate professional degree. In both 2003-04 and 2004-05, the State approved professional school fee increases of approximately 30 percent to counter budget cuts that otherwise would have been targeted at instructional programs. To address concerns over professional schools' declining academic quality and inability to provide adequate financial aid, the Regents delegated authority to the President to raise fees in 2004-05 by an additional amount not to exceed 10% of total systemwide fees paid by professional school students. Several schools exercised this option. Smaller increases followed in 2005-06 and 2006-07. In addition, three programs (Public Policy, Public Health, and IR/PS) implemented a professional degree fee for the first time in 2005-06. Table 1 below shows the fee levels for graduate professional degree programs since 2002-03.

Table 1
Resident Fees For Selected Professional School Students

	2002-03	2003-04	2004-05	2005-06	2006-07
Law	\$6,400	\$9,473	\$13,273 - \$14,473	\$14,319 - \$15,600	\$14,637 - \$15,958
Business	\$6,400	\$9,360	\$13,860 - \$15,792	\$14,276 - \$16,984	\$14,276 - \$17,371
Medicine	\$5,400	\$8,173	\$12,673	\$13,064	\$13,064
Vet Med	\$4,350	\$6,565	\$10,565	\$10,882	\$10,882
Dentistry	\$5,400	\$8,060	\$12,560 - \$14,362	\$13,523 - \$15,445	\$13,816 - \$15,798
Optometry	\$3,250	\$4,875	\$8,675	\$9,340	\$9,542
Pharmacy	\$3,250	\$4,875	\$10,089	\$10,849	\$11,098
Nursing	\$1,950	\$2,925	\$2,925	\$3,149	\$3,218
Theater/Film/TV (UCLA)	\$2,150	\$3,185	\$5,785	\$5,959	\$5,959
Public Health				\$4,000	\$4,000
Public Policy				\$4,000	\$4,000
IR/PS (San Diego)				\$4,000	\$4,000

These fee increases, together with increases in the mandatory fees that occurred during this period, have elicited concerns about the potential debt burden on future professional school graduates. In the past, when professional fees were lower, students could expect to graduate with relatively modest levels of debt, the repayment of which was manageable in comparison to their post-graduate earnings potential. Now, as the total cost of completing a professional degree has increased, students are likely to take on more loans and graduate with greater debt.¹

Particular concern has been raised that this sequence of higher fees and increased borrowing may create a financial barrier to students interested in pursuing public interest work. Specifically, concern exists that higher loan repayment obligations could divert some graduates interested in public interest employment into other, higher-paying jobs.

Current Efforts to Foster Public Interest Work

All of UC's professional schools are committed to ensuring that both their students and graduates have opportunities to apply their skills to serve in the public interest. The strategies used by UC professional schools to promote and support public interest work varies considerably by discipline, but generally fall into the following four main categories: academic programs, experiential training, career counseling, and financial support. A summary of the strategies used within each discipline can be found in Appendix B.

Academic Programs

A number of professional schools incorporate public interest issues and content into their coursework. One way that schools do this is by building public interest issues into their core curriculum. The most prominent of these are the schools of Public Policy and Public Health,

¹ The full effect of the fee increases on graduates' cumulative debt levels remains unclear, as only one or two cohorts have fully experienced the higher fee levels.

where the majority of students enroll with the goal of entering a public interest career. At these schools, the entire curriculum revolves around the content and skills that prepare students for careers in public interest; students can further specialize in particular areas of public interest through elective courses and degree tracks also oriented towards public interest themes. UC business schools, despite focusing more on preparing students for careers in the business world, similarly expose all of their students to public interest themes through a core curriculum that reinforces corporate social responsibility and business ethics. Additional elective courses in nonprofit management, social entrepreneurship, and socially responsible investment allow business school students to further their focus on public interest issues. UCLA's business school recently began the Leaders in Sustainability program, which offers inter-disciplinary coursework and projects that train students to consider environmental and social factors in making business and policy decisions.

Other professional schools use academic programs to promote public interest work by offering specific degree and certificate tracks that focus on public interest topics and careers. UC law schools offer special curricular concentrations in social justice and public interest law that prepare students for legal careers in public interest. Law schools also provide special certificate programs that recognize students who complete significant public interest-oriented coursework. These certificates are valuable in helping students signal their expertise in public interest law and gain employment in their public interest field of choice. San Diego's International Relations and Pacific Studies (IR/PS) program also offers several career tracks specifically geared towards public interest employment.

UC medical schools are currently in the early stages of using academics as a tool to promote public interest careers. While medical schools are limited in how much they can alter the core and elective classes to accommodate public interest themes, UC recently launched a series of specialized curricula to address the needs of medically underserved communities. The Program in Medical Education (PRIME) trains physicians to apply their skills to addressing the needs of medically underserved communities. PRIME is currently in its second year at Irvine's medical school, and is presently under development at Davis, San Diego, and through a San Francisco/Berkeley partnership. The UCLA Medical School plans to include PRIME in its 2008-09 budget. In addition, this increased focus on addressing the needs of medically underserved communities has inspired a proposal to establish a medical school at UC Riverside, which would serve the health care needs of California's Inland Empire.

Several professional programs use student recruitment as a tool to promote public service among their graduates. In particular, the schools of Law, Public Policy, Public Health, and IR/PS actively recruit students whose previous experience displays an interest in public interest work, and makes them likely to continue a career in public interest after receiving their degree.

Experiential Training

UC's professional schools' support of public interest career extends beyond traditional coursework. Many students in professional schools gain some exposure to public interest work during their studies through clinics, job placements, and project-based coursework that connect them to organizations that perform public interest work. For example, approximately 75 percent

of all UC medical students participate in free clinics during their studies where they work in organizations such as the Salvation Army, student-run homeless clinics, and mobile clinics that serve underserved patients. Participation in these types of service learning activities is a requirement of all UCLA dental students. Students in the schools of medicine and public health at UCLA have combined efforts to run a mobile clinic for the homeless. Similarly, every UC law school offers "externships" where students work for government agencies, nonprofit law firms, and social service organizations to provide disadvantaged groups and individuals with meaningful legal assistance.

Project-based coursework is a common approach used by other professional schools to promote public interest work. UC business schools integrate coursework with project-based consulting to work on issues related to corporate social responsibility. The Social Responsibility Initiative at Irvine and the Center for Responsible Business at Berkeley link students with outside client organizations on projects that cultivate leadership skills and emphasize the importance of corporate and personal responsibility-lessons they will carry with them in whichever career path they ultimately choose. The schools of Public Policy and Public Health similarly require students to complete an applied policy analysis project, or "practicum," with a government agency or nonprofit organization that serves as an intensive study of a significant public policy issue. This project-based approach provides students with hands-on experience in addressing public problems that is valuable in seeking public interest employment.

Summer internships play an important role in promoting public interest work among professional school students. Students in most professional schools work full or part-time in internships during the summer periods of their degree programs. The career centers of many professional schools have established relationships with organizations that do public interest work, and can help their students to get internships with these organizations. Students in the schools of Public Policy, Public Health, and IR/PS frequently complete summer internships in public interest organizations. Film/TV students at UCLA also commonly participate in internships in community-based film, television, and theater facilities.

Career Counseling

Career centers are a key resource for students in several professional schools. All of UC's schools of Law, Business, Public Policy, Public Health, and IR/PS have particularly extensive career centers that play an active role in their students' educational experience. These career centers provide career counseling and placement services that includes helping students with an interest in public interest work to identify organizations for potential internships and employment. General career assistance is available to students in other professional programs through the campus career centers. More specialized career assistance is often available through faculty members who maintain professional contacts and through the relevant professional associations (e.g. American Dental Association) which provide students with career development and job search resources. UCLA Medical School also places fourth-year students into smaller "colleges" for more focused specialty and career advising.

Financial Aid

The financial aid strategies used by UC's professional schools to promote public interest employment fall into three main categories: gift aid (including grants, scholarships, and fellowships), stipends to support students performing public interest work, and loan repayment assistance programs (LRAPs).

<u>Gift aid</u> to professional school students allows schools to offer more competitive aid awards and to ensure access to their degree programs among a socioeconomically diverse and highly qualified student population. Gift aid also allows schools to be more selective in their recruitment of students, including attracting those who show potential to pursue public service careers. Gift aid is generally more attractive than loans to prospective students because it alleviates concerns of having to take on excessive debt burdens. This can foster students' entrance into public interest careers by helping to preserve lower-paying jobs as a viable option after graduation.

Gift aid is funded from a combination of fund sources, including the University's return-to-aid on student fee revenue, endowments, and alumni gifts. Although additional gift aid will help insulate students from the effects of fee increases, professional schools acknowledge that higher fees will generally lead most students to graduate with higher levels of debt. Thus continuing to effectively promote public interest employment will require additional, more targeted aid and support. UCLA's dental school currently participates in the Delta Dental gift aid program, which converts loans to scholarships for students who go on to practice in underserved communities.

Several professional schools provide <u>stipends for public interest fieldwork</u> or summer internships. Many public interest organizations are unable to offer compensation to students who work for them in summer internships. To enable students to pursue these work-related opportunities, several UC professional schools (e.g. Business, Law, Public Policy, Medicine, IR/PS, and Public Health) provide students with stipends or fellowships as a means of support during the period of employment. In some cases these stipends are funded by the fundraising activities of student groups dedicated to supporting public interest work.

LRAP Programs reduce the overall loan amounts that students have to repay. These programs are available in one form or another to graduates of many of UC's professional schools and are contingent upon entering a public interest career (as defined for a particular discipline). For example, graduates of UC's medical and health science professional schools may apply to LRAP programs funded by federal, regional, state, and local agencies. These programs reduce the loan repayment obligations of health professionals who choose to work in rural or medically underserved communities. (Overall, however, UC medical schools believe that these programs are under-funded. These schools would support greater University advocacy for an expansion of federal programs and the creation of a state LRAP, perhaps funded in part by state proceeds from tobacco settlements.)

² These include the National Health Service Corps, the Nursing Education Loan Repayment Program, Bureau of Indian Affairs Loan Repayment Program, National Veterinary Medicine Service Act, and the SNAPLE program that provides repayment assistance to graduates who go on to teach in nursing schools.

Each UC law school offers its own LRAP for graduates who enter public interest careers. A similar program exists at the Haas School of Business at Berkeley. These schools use LRAPs to allow meaningful freedom of career choice for students interested in public service careers by assisting them in repaying loan debt in the beginning of their careers.

The schools of Public Policy and Public Health have traditionally used gift aid as the means to insulate incoming students from the effects of fee increases and to minimize the overall debt required to complete a degree. Nevertheless, uncertainty around the potential impact of future fee hikes have inspired the Public Policy and Public Health schools at Berkeley and Los Angeles to form workgroups to consider the usefulness and feasibility of an LRAP program.

Promoting Public Service Employment As Fees Increase

Faced with the prospect of higher fees, each professional degree program must decide how to best use the resulting fee revenue to meet the objectives of its programs -- including ensuring that public interest employment remains a viable option for its graduates.

Recent fee increases present both a challenge and opportunity to UC's graduate professional schools in their efforts to promote public interest employment. On one hand, higher fees will likely increase student borrowing and potentially restrict graduates' employment choices to those offering salaries sufficient to meet their repayment obligations. On the other hand, higher fees will allow schools to expand and improve the quality of the academic, experiential, and career-oriented programs that promote public interest employment. Indeed, the professional degree fee increases implemented to date have largely been in response to a dramatic decline in State funding that would have otherwise weakened the quality of the programs and the professional prospects for program graduates.

Current return-to-aid policy requires professional schools to set aside an amount equivalent to at least 33 percent of new fee revenue for financial aid. Monies generated from this policy serve as the principal source of the gift aid and LRAP programs that professional schools use to promote public interest employment. The policy establishes a *minimum* amount for financial aid. Programs may exceed that amount, but doing so generally requires a trade-off: the larger share of any fee increase that is used for financial aid, the less is available to expand and enhance the academic, experiential, and career-oriented programs that are essential to the quality of the school's program and which also promote public interest employment.

Schools must also decide on the types of financial support to emphasize with their return-to-aid budgets. As described above, financial support can be delivered either as gift aid to students while they are enrolled, or as loan repayment assistance after they have graduated and entered public interest careers that meet certain parameters. The first approach reflects a philosophy that a professional degree program should be financially accessible to any academically qualified student, regardless of their economic resources; it emphasizes *equalizing access to the professional degree program*. The second approach reflects a desire to ensure that low-paying public interest careers remain a viable option for its graduates; it emphasizes *equalizing access to career paths*. Both approaches are consistent with the role of financial aid in allowing programs

to compete for a socioeconomically diverse set of students and to support the public service component of the University's mission.

The appropriate mix of gift aid and loan repayment assistance varies by program and is influenced by several factors. For example:

- Do students graduate with substantial amounts of debt? If students typically graduate with little or no debt, an LRAP program would be much less effective than gift aid for recruitment purposes and would do little to promote public interest work. (This partly explains why LRAPs are rare among academic doctoral programs, whose students typically graduate with much less debt than their peers in professional degree programs.). Conversely, longer-term programs that require higher levels of borrowing (e.g. law, medicine) are good candidates for LRAPs, which can provide graduates with meaningful debt relief and make public interest work a more appealing option. Such programs would likely find it more difficult to provide meaningful broad-based gift aid in the backdrop of the high fees and borrowing levels that students face.
- Is there a large earnings differential between students who choose public interest careers and those who do not? In professions without a substantial earnings difference between public interest work and other careers, there is little need to further "equalize access" between the two types of employment. Consequently, using financial support funds to preserve access for needy students through gift aid would be a more effective use of limited funds. Schools that lead to professions with much lower relative public interest salaries (e.g. law schools) are instead likely to need LRAPs to maintain public interest jobs as a viable option for graduates.
- Do well-defined, full-time career tracks in the public interest exist for a program's graduates? Established public interest career options for law school graduates are usually easy to identify; examples include full-time employment as a public defender or with legal services organizations. In any of these roles, the duration of an employee's work and the employee's salary both of which typically influence the assistance available to students under an LRAP are relatively easy to document. In other, less structured professions (e.g., screenwriting) it is more difficult to identify clear "public interest" career paths or to document a graduate's earnings and employment tenure.
- How many program graduates enter public interest employment? The number of graduates who would currently enter public interest employment can also influence the appropriateness of using gift aid or an LRAP to meet the program's objectives. If a relatively large percentage of graduates already enter public interest work, the cost of providing substantial loan repayment assistance to all of them would be prohibitive. The rationale would also be unclear: if many students are already entering public interest careers, then it is not clear that any "inequality of access" to public interest work as a career choice actually exists. In contrast, a program with relatively few graduates entering public interest employment would be a better candidate for an LRAP, which provides very substantial, focused support.

- Do existing federal, state, or local programs already provide loan repayment assistance? To the extent that existing programs already enable students to pursue public interest careers, the need for an additional University-funded program is less compelling.
- Which vehicle gift aid or LRAPs are most effective in helping the program compete for students with an interest in public interest work? Different professional schools face different competitive environments when competing for students, including students with a specific interest in public interest work. For example, LRAPs are common features of top-ranked law school programs and are increasingly common among the best business schools as well. They are less common among schools of medicine, other health professions, public policy, or other professional disciplines, which typically rely on gift aid to attract a high-quality, diverse student body.
- Do LRAPs offer a benefit relative to gift aid that exceeds their administrative costs? Compared to gift aid, LRAPs are difficult to administer. They require regular verification of participants' employment and salary and, once implemented, may be difficult to terminate without causing hardship for participants. Their cost may also be difficult to estimate because of annual variations in the job market or in graduates' career objectives.

These factors help to explain the decisions that the University's individual professional degree programs have made to date regarding the mix of LRAPs and gift aid. For example:

- LRAPs exist at every UC law school, as one would expect based upon the considerations listed above. Each school has either expanded its LRAP in recent years or is planning to enhance its LRAP in the event of future fee increases. These enhancements include increasing the maximum amount of debt that qualifies for repayment assistance, increasing the salary cap on eligible employment, broadening the definition of the employment categories that qualify for repayment assistance, and/or reducing the percentage of salary that students are expected to devote to loan repayment.
- Federal, state, and local LRAPs already exist for many graduates in the health professions. As noted above, however, existing government programs are generally considered to be inadequate, both in terms of the number of available opportunities and the working conditions that they require. To date, UC schools in the health professions have opted to use their financial aid funds for need-based grants to "equalize access" to their programs, which remains their highest priority. They will likely continue this strategy in the event of a fee increase while advocating for the expansion of existing public LRAP programs.
- Schools such as Public Policy, IR/PS, and Public Health have found no evidence suggesting that higher fees have influenced their students' decisions regarding public interest employment. This is due to a combination of their students' strong desire to enter public interest careers and the lack of an initial dramatic salary difference between public interest and private sector jobs. Consequently, these schools have traditionally used broad-based grant aid as the means to reduce the financial barriers to enrollment for students with few financial resources, thereby preserving public interest careers as a viable option for all students. Implementing a financially viable LRAP programs for these schools would be

challenging due to the potential for overutilization. In fact, Harvard's Kennedy School of Government recently scaled back its LRAP program due to overuse (particularly among international students).

Some federal and regional agencies offer awards that may be described as "repayable" or "service contingent" fellowships to promote public interest employment.³ These are fellowships awarded to students interested in pursing public interest work that cover all or most of the cost of their education. The awards typically have strict requirements attached to them in terms of the type of public interest work students must perform upon graduation, and the length of time they must remain in it. Recipients fulfilling these requirements graduate with lower debt levels and, consequently, face less burdensome loan repayment obligations as the enter public interest jobs. Recipients who choose to enter other types of employment have their fellowships converted to a loan upon graduation, which must be repaid to the agency.

Repayable fellowships have some advantages and disadvantages compared to LRAPs and gift aid. Repayable fellowships avoid some of the financial risks associated with LRAPs by establishing an upper bound on schools' financial obligations. They are also more efficient than gift aid in enabling students to pursue public interest careers because they provide larger, targeted benefits only to students in those careers. They are, however, less attractive than gift aid to prospective students because of the potential for repayment. Also, many schools (e.g. law schools) do not have repayable fellowships because the upfront commitment to a public interest career that they require might limit the academic and career exploration that they encourage their students to pursue. Lastly, a UC-funded repayable fellowship could divert some financial support from needy to non-needy students, since the awards would be conditioned on an interest in public interest employment rather than on financial need.

Some UC professional school students (primarily those in the health sciences) receive significant funding from extramural repayable fellowship programs. No UC professional school currently offers its own repayable fellowships. Introducing such a program would create initial cash flow complications, since schools would have to front the value of these fellowships – which are typically quite large – to cover recipients' educational costs. It remains unclear how effective repayable fellowships are in promoting public interest employment. Nonetheless, to the extent that future fee increases generate additional funding for financial aid, repayable fellowships may be worth considering as an alternative or complement to gift aid and LRAPs for some programs.

Conclusion

The University's professional school programs all share a commitment to foster public interest work among their students. This commitment is expressed though a balance of (1) academic and programmatic components that expose students to the field of public interest, and (2) financial support that preserves access to degree programs and their associated career paths. Increases in professional degree fees, accompanied by increased funding for student financial support,

³ These are similar in structure to "assumable loans" where schools assume the loans of graduates who enter predefined types of public interest employment. Despite this similarity in structure, the "repayable fellowship" label may have a more positive impact on students' perception of its value.

provide professional schools with the resources to enhance their efforts in both of these areas.

The specific role of financial aid in supporting public interest work varies across disciplines. This is not surprising, given the different labor market conditions, competitive pressures, and definitions of public interest work that exist for each discipline. Consequently, the most effective use of new student support funds derived from future fee increases may differ, too. A few generalizations can be made nevertheless:

- Increased investments in UC-funded LRAPs will be an attractive option when at least four conditions are met: (a) students graduate with high levels of debt; (b) salaries for public interest work are relatively low; (c) salaries for other types of work are reliably high (in absolute terms, not just relative to public interest work) so that, even without additional gift aid, the school remains financially accessible to low-income students, provided they have access to loans and are willing to incur debt; and (d) little or no loan repayment assistance is available to students from other, extramural loan assistance programs.
- Schools where a large proportion of graduates typically enter public interest jobs, where
 public interest salaries are not significantly lower than those in other jobs, or where few
 clearly defined public interest career pathways exist will likely focus on providing additional
 gift aid to preserve access to their degree programs for a diverse population of highly
 qualified students. UC-funded repayable fellowships for students interested in public interest
 work might also be considered.

Appendix A. Prevalence and Type of Public Interest Employment among Graduates from UC Professional Schools

Discipline	Examples of Public Interest Jobs	Percent Typically Entering Public Interest Employment
_	Legal-related work for nonprofit organization	
	Advocacy and social justice work	
	Public Defense attorney	
	District attorney or public prosecutor	
	Legal-related work in federal, state, or local government agencies that involves	
Law	providing legal assistance to the poor and underrepresented	12% to 18% ⁴
	Legal-related work in federal, state, or local government agencies that involves	
	working on environmental issues	
	Private legal-related employment providing legal assistance to the poor and	
	underrepresented	
	Private legal-related employment in poor or underserved communities	
	Nonprofit management	
	Federal, state, or local government agencies	
Business	Colleges or universities	1% to 15% ⁵
	Foundations or other charitable organizations	
	Social entrepreneurship	

⁴ Data taken from surveys of the 2005 graduating classes conducted by the career centers at UCLA, Berkeley, and Davis Law schools.
⁵ Data taken from surveys of the 2005 and 2004 graduating classes conducted by the career centers at UCLA, Berkeley, Irvine, and Davis Business schools.

Discipline	Examples of Public Interest Jobs	Percent Typically Entering Public Interest Employment
Public Policy	 Federal, state, or local government agencies Local school districts Nonprofit organizations, national associations, or community based organizations Advocacy and social justice work Colleges or Universities Foundations or other charitable organizations International nonprofit organizations (UN, World Bank, etc.) 	60% to 80% ⁶
Public Health	 Federal, state, or local/city health departments Other federal, state, or local government agencies Nonprofit organizations, national associations, or community based organizations Advocacy and social justice work Research Institutes or Universities Foundations or other charitable organizations International nonprofit organizations (UN, World Bank, etc.) 	47% ⁷

⁶ Data taken from a combination of employment surveys and career center staff estimates of employment outcomes of the 2005 graduating class.

⁷ Data taken from an employment survey of the 2006 graduating class at Berkeley's School of Public Health. Employment data were unavailable for UCLA's School of Public Health.

Discipline	Examples of Public Interest Jobs	Percent Typically Entering Public Interest Employment
	• U.S. federal government agencies	
	• Foreign government agencies	
IR/PS	• International nonprofit organizations (UN, World Bank, etc.)	40% to 50% ⁸
	Nonprofit research Institutes	
	Production and technical positions in public television stations	
	Artistic director of a theater company	
	Other roles in nonprofit, regional, and community theater companies	0
Theater/Film/TV	Produce documentaries or children's television programming	15% to 20% ⁹
	• Provide drama therapy to patients in mental health facilities, nursing homes, and	
	correctional facilities	
	Medical practice in rural and medically underserved communities	
	Medical practice serving medically underserved populations (e.g. low income)	
Medicine	Primary care or general practice instead of specialty practice	1% to 29% 10
	• Faculty and instructors at county/city and public hospitals	
	Directors of state and county public health care systems	

⁸ Data taken from an employment survey of the 2003 through 2005 graduating classes at San Diego's School of International Relations and Pacific Studies.

⁹ Program administrators' estimates of how many graduates enter public interest employment in a typical year.

¹⁰ Data taken from standard reports on graduates practicing in medically underserved areas four years after graduation completed by the medical schools at Davis, San Diego, and San Francisco. Data shown here are for the classes of 2001 and 2002.

Discipline	Examples of Public Interest Jobs	Percent Typically Entering Public Interest Employment
Dentistry	 Practice in rural and medically underserved communities Practice serving medically underserved populations (e.g. low income) Faculty or instructors in dental schools 	5% to 10%
Optometry	 Practice in rural and medically underserved communities Practice serving medically underserved populations (e.g. low income) Faculty or instructors in optometry schools 	Not Available
Pharmacy	 Work in public hospitals addressing public health issues (e.g. family planning, communicable disease) Federal regulatory agencies (e.g. Food and Drug Administration) Work in rural pharmacies or underserved communities Faculty or instructors in schools of pharmacy 	Not Available
Nursing	 Work in medical facilities in rural and medically underserved communities Work in medical facilities serving medically underserved populations (e.g. low income) Faculty or instructors in nursing schools 	17% 11

¹¹ Based on data from the UCLA Nursing School's application for the Advanced Education Nurses Traineeship.

		Percent Typically Entering Public
Discipline	Examples of Public Interest Jobs	Interest Employment
	Work in veterinary facilities in rural communities	
Veterinary Medicine	Federal and state government agencies	3.5% 12
	• Faculty or instructors in veterinary medicine schools	

¹² Data taken from the American Veterinary Medicine Association's national employment survey of recent Veterinary Medicine graduates. Data available at http://www.avma.org/membshp/marketstats/1yremploy.asp

Appendix B. Strategies Currently Used by UC Professional Schools to Promote Public Interest Employment

	Academic	Experiential	Counseling/Other	Financial Aid
	Curricular concentrations in Social Justice and Public Interest Law Cartificate programs that	Clinical programs that enable students to provide legal assistance to	Career counseling and placement resources designed to help students locate public	Broad-based grants and fellowships to attract public interest-oriented students
Law	Certificate programs that recognize students who complete significant coursework in public interest law, pro bono law, and environmental law	disadvantaged groups and individuals • Externship placements in	 Student organizations raise funds to provide 	Stipends for low or non- paying public interest fieldwork in law school
	Degree program in Public Interest Law and Policy ¹³	government agencies and nonprofit organizations	stipends to students working in public interest internships	LRAP program for graduates entering public service employment ¹⁴
	Required and elective courses in corporate social responsibility,	Project-based consulting for outside clients that emphasizes corporate and personal responsibility in the community 15	Career centers help students find jobs in public and nonprofit organizations	Broad-based grants and fellowships to attract public interest-oriented students
Business	social entrepreneurship, and business ethics	Project-based consulting for public agencies that contributes towards solutions to public problems ¹⁶	• Student organizations raise funds to provide stipends to students working in public interest internships ¹⁷	 Stipends for public interest internships LRAP program for graduates entering public service employment¹⁸

Los Angeles offers this degree program and graduated its first class in 2000.
 Eligible public interest includes legal-related employment in federal, state, or local government agencies or nonprofit organizations (excludes judicial clerkships and public prosecutorial positions).

¹⁵ The Social Responsibility Initiative at Irvine and the Center for Responsible Business are two examples of this.

¹⁶ Davis MBA Consulting Center connects students to consulting assignments in state agencies in Sacramento. Davis had the highest proportion (15 percent) of MBA graduates enter the public or nonprofit sectors

¹⁷ Net Impact, a national student organization with chapters at each UC business school, is particularly active in this area.

¹⁸ Eligible public interest includes employment in government agencies or nonprofit organizations. To date, Berkeley is the only campus operating an LRAP.

	Academic	Experiential	Counseling/Other	Financial Aid
Public Policy	Curriculum that focuses entirely on addressing public interest problems and issues	Applied policy analysis project for a public or nonprofit sector client	Career centers that maintain extensive networks and contacts	Broad-based grants and fellowships to attract public interest-oriented students ¹⁹
Tublic Tolley	Recruiting and admitting students likely to enter public interest employment	Required summer internship for an organization performing public interest work	with organizations performing public interest work	Stipends for low or non- paying public interest fieldwork
Public Health	Curriculum that focuses entirely on addressing public interest problems and issues	Practicum experience working for an organization on a project related to an area of public interest	Career centers that maintain extensive networks and contacts	Broad-based grants and fellowships to attract public interest-oriented students ²⁰
	Recruiting and admitting students likely to enter public interest employment	Required summer internship for an organization performing public interest work	with organizations performing public interest work	Stipends for low or non- paying public interest fieldwork
IR/PS	Curricular tracks that focus on addressing public interest problems and issues	Summer internship for an organization performing	Career centers that maintain extensive networks and contacts with organizations	Broad-based grants and fellowships to attract public interest-oriented students
	Recruiting and admitting students likely to enter public interest employment	public interest work	performing public interest work	Stipends or fellowships for non-paying public interest fieldwork

¹⁹ Neither of the UC Public Policy schools are currently considering an LRAP program due to the potential for overutilization. More than two-thirds of Public

Policy Graduates typically go on to public interest employment.

20 Berkeley and Los Angeles are currently considering developing an LRAP program due to the widening of the salary gap between public interest and private sector jobs. The potential for overutilization may make it difficult to have a viable LRAP.

	Academic	Experiential	Counseling/Other	Financial Aid
Theater/Film/TV	Classes taught by faculty with a strong commitment to diversity and public service	 Internships in community-based film, television, and theater facilities Individual creative projects with a public interest component such as documentaries or public health announcements Student-designed arts instruction in local school classrooms²¹ 		
Medicine	 Specialized curricula designed to train physicians to address the needs of underserved communities²² Required and elective courses on public interest health issues Joint MPH and MBA leadership courses on serving the underserved 	 Free and mobile clinics that serve the medical needs of disadvantaged and medically underserved populations²³ Thesis research projects that address the needs of the medically underserved 	Career mentoring	 Repayable public interest fellowships that cover all or part of students' medical education costs²⁴ National LRAP programs for graduates who work in public interest positions²⁵

Part of UC's ArtsBridge program, which brings arts instruction to K-12 classrooms in the Los Angeles Unified School District.
 Part of UC's Program in Medical Education (PRIME) program, which has been operating since 2004 at the Irvine campus, and is currently under development at other UC medical schools.

²³ This includes student-run homeless clinics, partnerships with the Salvation Army, and mobile clinics.

²⁴ These fellowships are typically sponsored by rural or medically underserved communities, and convert to a loan if recipient students do not work in the

sponsoring community for a certain period of time after graduation.

25 These are sponsored by organizations such as the National Health Service Corps and provide loan repayment assistance to graduates practicing in medically underserved communities

	Academic	Experiential	Counseling/Other	Financial Aid
Health Sciences Other Than Medicine ²⁶	 Programs may require a high public service component in their application for admission All programs offer elective coursework directly or indirectly related to public interest work 	Free clinics and community service programs that allow students to provide care to disadvantaged or underserved populations		 Federal LRAP programs that provide assistance to graduates working in rural and/or underserved areas²⁷ State LRAP programs that provide assistance to graduates who teach in nursing schools²⁸

This includes dentistry, optometry, pharmacy, nursing, and veterinary medicine.

This includes programs such as the National Health Service Corps, the Nursing Education Loan Repayment Program, the Bureau of Indian Affairs Loan Repayment Program, and the National Veterinary Medicine Service Act,

The SNAPLE program provides loan repayment assistance to nursing graduates who go on to teach in nursing schools in California.

Appendix C. Approaches UC Professional Schools Plan to Take to Promote Public Interest Employment amid Future Fee Increases

	Law	Business	Medicine	Other
Berkeley	 Enhanced LRAP program Additional funding for general need-based grants 	Considering enhancing existing LRAP program		Public Policy: Considering creating an LRAP program; Additional funding for general need-based grants Public Health: Considering creating an LRAP program; Additional funding for general need-based grants Optometry: Additional funding for general need-based grants
Davis	 Enhanced LRAP program Additional funding for general need-based grants 	Additional funding for general need-based grants	Additional funding for general need-based grants	Vet Med: Additional funding for general need-based grants Public Health: Additional funding for general need-based grants
Irvine		Additional funding for general need-based grants	Additional funding for general need-based grants	
Los Angeles	Enhanced LRAP program Additional funding for general need-based grants	Additional funding for general need-based grants	Additional funding for general need-based grants	Public Policy: Considering creating an LRAP program; Additional funding for general need-based grants Public Health: Considering creating an LRAP program; Additional funding for general need-based grants Theater/Film/TV: Additional funding for general need-based grants Nursing: Additional funding for general need-based grants
Riverside		Additional funding for general need-based grants		
San Diego			Additional funding for general need-based grants	• <u>IR/PS</u> : Additional funding for general need-based grants
San Francisco			Additional funding for general need-based grants	Dentistry: Additional funding for general need-based grants Nursing: Additional funding for general need-based grants Pharmacy: Additional funding for general need-based grants