

Office of the President

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

ACTION ITEM

For Meeting of May 18, 2017

ESTABLISHMENT OF POLICY ON NONRESIDENT STUDENT ENROLLMENT

EXECUTIVE SUMMARY

The Regents are asked to approve a proposed Policy on Nonresident Student Enrollment that reaffirms the University's historic commitment to serving California resident students, consistent with the California Master Plan for Higher Education, while also acknowledging the substantial benefits provided by moderate levels of nonresident student enrollment.

The proposed policy establishes the University's ongoing commitment to resident students in Regents policy by (1) setting an upper limit of 18 percent of total undergraduate enrollment at those campuses that will enroll fewer than 18 percent nonresident undergraduates in 2017-18; and (2) limiting nonresident undergraduate enrollment at every other campus to the same percentage of nonresident undergraduate enrollment reflected in the campus's 2017-18 undergraduate student body.

RECOMMENDATION

The President of the University recommends that the Regents adopt the Policy on Nonresident Student Enrollment shown in Attachment 1, effective beginning with the fall 2018 entering class.

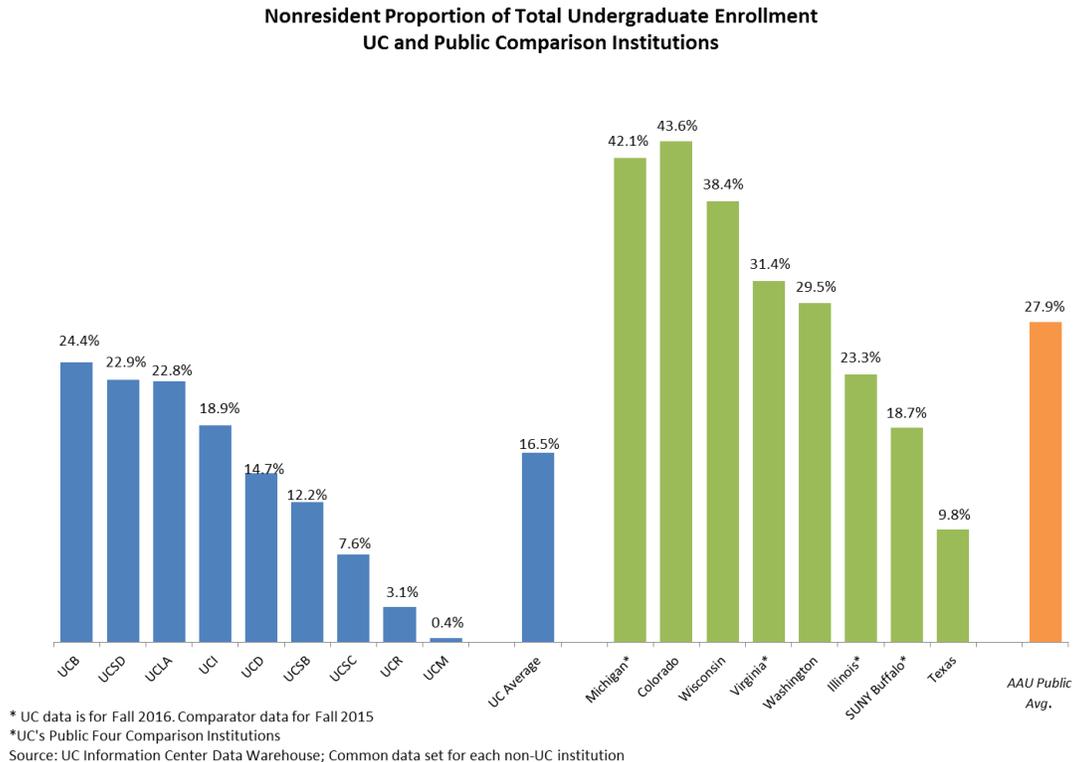
BACKGROUND

Context for the Proposed Policy

A provision of the Budget Act of 2016 calls upon the Regents to "adopt a policy that specifies a limit on the number of nonresident students enrolled" as a condition of receiving \$18.5 million to support the enrollment growth of 2,500 California resident undergraduates in 2017-18 over 2016-17 levels. This provision reflected, in part, a general expectation that the University should continue to place a priority on serving California resident undergraduates.

The University's continued focus on serving in-state undergraduates makes it distinctive among many other top-ranked public institutions. For the 2016-17 academic year, nonresident undergraduate students at the University of California represent approximately 16.5 percent of total undergraduates, compared with an average of 27.9 percent for the public members of the

Association of American Universities (AAU) in 2015-16, the latest year for which AAU data are available. As shown in the display below, each UC campus enrolled less than one-quarter of its undergraduates from outside of California – well below the average percentage of nonresident enrollment for public AAU institutions. By contrast, nonresident students accounted for 30 percent or more of all undergraduates at several other public flagship universities.



At the March 2017 meeting of the Board of Regents, the Board discussed a proposed policy on nonresident enrollment that would have (1) set an upper limit of 20 percent nonresident undergraduate enrollment for the University system as a whole and at those campuses that currently enroll fewer than 20 percent nonresidents; and (2) required individual campuses that currently enroll more than 20 percent of their undergraduates from outside of California to limit future enrollment of nonresidents to no more than the current percentage of nonresident undergraduates enrolled at the campus.

The policy presented to the Regents in March, like the policy presented to the Board today, aligns the University’s commitment to expand access for California resident undergraduates (assuming full funding for the State’s share of the marginal cost of instruction) with the undeniable benefits that moderate levels of nonresident students bring to UC campuses. For example:

- The intellectual, social, and cultural diversity provided by students from other states and other countries enriches the academic and social environment on each of UC’s campuses and helps California students gain perspective and understanding of people whose experiences and backgrounds may be quite different from their own. In an increasingly

global society and economy, it is critical that students from the nation's largest state – and one poised at the edge of the Pacific Rim – feel comfortable living and learning with people from a broad range of backgrounds.

- Nonresidents also bring with them significant revenues that have become essential to the University's ability to continue to provide a high-quality education to California students. Nonresident Supplemental Tuition is used to recruit and retain faculty, mount additional courses that lower overall class size, purchase library materials and other educational services, renew instructional equipment and technology, and otherwise maintain the key building blocks of undergraduate education for all undergraduates.
- More than \$70 million of the base tuition that nonresident undergraduates pay in 2016-17 will directly subsidize need-based aid for California residents. (Effective fall 2016, new nonresident undergraduates are not eligible for need-based aid from the University's Student Aid Program.) This funding amounts to an average of approximately \$700 for each California student receiving a UC grant – the equivalent of reducing a California resident's need to borrow by about \$2,800 after four years. Because the University allocates systemwide financial aid funds to make every UC campus equally accessible to low-income students, these benefits accrue to California residents across the system, regardless of the campus at which they enrolled. This additional aid supports the University's diversity efforts by enabling students from historically underrepresented socioeconomic groups to attend UC.

The policy proposed in March 2017 was brought before the Board as a discussion item in order to provide ample opportunity for discussion and consultation prior to the adoption of a Regents policy on nonresident enrollment. (The March 2017 item is included as Attachment 2 to this item.) The policy now before the Board has been revised to reflect the results of that consultation.

Key Provisions of the Revised Proposed Enrollment Policy

The proposed policy (shown in Attachment 1) retains many key elements of the policy that was discussed in March. These include provisions stipulating that:

- the University will continue to offer a place on at least one of its undergraduate campuses to every California resident applicant who meets the University's requirements for guaranteed admission;
- California resident undergraduate enrollment will equal or exceed the number of resident undergraduates for whom the University is provided funding by the State of California;
- nonresident undergraduate students will be enrolled in addition to, rather than in place of, funded California resident undergraduates; and
- admissions decisions will continue to be determined according to applicable policies of the Regents and the Academic Senate.

Compared to the policy proposal that was discussed in March, the current policy replaces previously proposed systemwide and campus-level caps of 20 percent nonresident undergraduate enrollment with a campus-level cap of 18 percent; campuses that exceed 18 percent in 2017-18 would be capped at their 2017-18 percentages.

The lower campus-level cap of 18 percent is intended to better convey UC’s overarching commitment to serving California students and to acknowledge a wide range of opinions about the appropriate level of nonresident undergraduate enrollment at UC. The proposed cap of 18 percent will allow those UC campuses that currently enroll the smallest percentages of nonresident undergraduates to gradually increase their nonresident enrollment over time, which is desirable in light of the educational and economic benefits described above. Compared to a cap of 20 percent, the lower cap is expected to constrain nonresident undergraduate enrollment growth at three campuses – Davis, Irvine, and Santa Barbara – that might otherwise be capable of increasing nonresident enrollment to between 18 percent and 20 percent within the next several years. The table below shows the estimated impact of the proposed policy relative to both (a) maintaining current nonresident undergraduate enrollment percentages at each campus and (b) the policy proposal that was discussed in March.

**Estimated Impact of the Proposed Nonresident Enrollment Policy on
 Net Nonresident Supplemental Tuition Revenue**

Figures are in Millions

Impact of Proposed Policy Compared to:	2018-19	2019-20	2020-21	2021-22	2022-23	5-Year Total	Affected Campuses
Maintaining 2016-17 nonresident percentage at each campus (16.5% systemwide)	\$43	\$67	\$86	\$106	\$132	\$434	Davis, Irvine, Merced, Riverside, Santa Barbara, and Santa Cruz
March proposal (20% cap)	(\$5)	(\$19)	(\$32)	(\$35)	(\$37)	(\$129)	Davis, Irvine, and Santa Barbara

Financial aid funds derived from the base tuition amount paid by nonresident undergraduates would continue to be used to reduce, at every campus, the cost of attending UC for California resident undergraduates with limited financial resources, many of whom are from underrepresented backgrounds.

The proposed policy also shortens the maximum period for the Regents to review the policy from five years to four years. Periodic review of the policy will allow the Regents to assess its efficacy in sustaining and enhancing California resident undergraduates’ educational experience and access at every campus, as well as to consider any unintended consequences of limiting nonresident undergraduate enrollment at some campuses to a different percentage than at others.

The proposed policy also clarifies that students who are exempt from paying Nonresident Supplemental Tuition by Regental policy (e.g., AB 540 students) are not considered to be nonresident students for purposes of this policy; authorizes the President to establish regulations

necessary to implement the policy; and clarifies that the policy does not establish any new right or benefit enforceable by any party against the University.

Key to Acronyms

AAU	American Association of Universities
NRST	Nonresident Supplemental Tuition

Attachments:

Attachment 1: [Proposed Policy on Nonresident Student Enrollment](#)

Attachment 2: [March 2017 Item B4, Policy on Nonresident Student Enrollment](#)