

**Office of the President**

**TO MEMBERS OF THE COMMITTEE ON EDUCATION POLICY:**

**ACTION ITEM**

*For Meeting of January 17, 2007*

**PROPOSED REVISION TO THE POLICY ON FEES FOR SELECTED PROFESSIONAL SCHOOL STUDENTS**

**EXECUTIVE SUMMARY**

A new professional degree fee policy is proposed to replace the current Policy on Fees for Professional School Students.

Cuts that have occurred to the professional school budgets and the University as a whole have led to significant increases in professional school fees, changes in the proportion of fee revenue dedicated to financial aid, and an expansion in the number of degree programs charging professional school fees. As a result, the Regents' Policy on Fees for Professional School Students ([Attachment 1](#)) is outdated and inoperative, prompting a re-examination of how professional school fees are set.

The Office of the President, in consultation with the campuses, developed draft guiding principles for setting professional school fees. At the November 2005 meeting, the Board agreed that issues related to planning for professional school fee increases required additional discussion and that the "Guiding Principles for Professional School Fees" should be presented to the Board for action no later than the May 2006 meeting. Item 503, prepared for discussion at the November 2005 meeting, is included for background ([Attachment 2](#)). The principles were discussed at the January 2006 meeting and are reflected in the revised professional degree policy.

In January, The Regents also expressed concern about the impact of professional degree fee increases and the accompanying increase in student debt levels on the ability of students to pursue public service careers that are not well remunerated. In response to this concern, a report on professional school efforts to support public service employment is included ([Attachment 3](#)).

Provost and Executive Vice President Hume, joined by selected administrators from campus professional degree programs, will discuss policy issues related to this item.

### RECOMMENDATION

The President recommends that the Committee on Educational Policy recommend that The Regents adopt the following revised policy on Fees for Selected Professional School Students:

#### *Policy on Fees for Selected Professional School Students*

The Fee for Selected Professional School Students shall be set at a level that, in conjunction with other funding sources, enables each professional degree program to maintain or enhance the academic quality of the program, to achieve the program's enrollment goals, and to compete successfully with institutions of similar quality for a highly talented and diverse applicant pool.

In establishing the fee level for each program, the following factors will be taken into account: 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 resident and non-resident tuition and fees charged by comparable public institutions for each specific program; the funding requirements for financial aid; overall State General Fund support for the University; and other market-based factors that permit University programs to compete successfully for students.

In the event of a fee increase, professional degree programs will provide additional funding for financial aid – including loan forgiveness programs, where appropriate – to help maintain the affordability of a professional school education and to help maintain the ability of the University to remain competitive with other institutions.

Professional fee revenue shall be retained by the professional school and used, in conjunction with other funding sources, to sustain and enhance the quality of the professional schools' academic programs and student services, to fund costs related to instruction, and to provide financial aid.

### BACKGROUND

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 professional school 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.

*Fees for Selected Professional School Students*

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 text of the policy is provided in [Attachment 1](#). Professional degree fees for 2006-07 are shown in Table 1, below.

**Table 1  
2006-07 Fees For Selected Professional Students,  
California Residents**

<b>Discipline</b>	<b>Professional Fee</b>	<b>Average Total Charges</b>
Law	\$15,013-16,334	\$25,101
Business/Management	14,276-17,371	24,634
Medicine	13,440	22,753
Dentistry	15,798	25,396
Veterinary Medicine	10,882	\$ 22,233
Optometry	9,542	18,655
Pharmacy	11,098	20,234
Nursing	3,218	12,153
Theater, Film & TV (UCLA)	5,959	14,494
Public Health	4,000	12,766
Public Policy	4,000	12,579
International Relations and Pacific Studies	4,000	12,689

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 effort over time to recover. It is within this context that the University engaged in longer-term planning, including development of a new set of principles for setting fees and consideration of increases in the Educational Fee and the professional school fees; see [Attachment 2](#), "Guiding Principles for Professional School Fees."

The deep cuts that have occurred to the professional school budgets and the University as a whole have led to significant increases in professional school fees, changes in the proportion of fee revenue dedicated to financial aid, and an expansion in the number of degree programs charging professional school fees. At the November 2005 meeting, in conjunction with the discussion of the proposed 2006-07 budget, issues related to planning for professional school fee increases for 2007-08 and 2008-09 also were discussed. Item 503, prepared for discussion at the November 2005 meeting, is attached for background as **Attachment 3**. The Item included a discussion of the need to replace the 1994 Regents' Policy on Fees for Selected Professional School Students, which is now outdated and inoperative. The Item also included the guiding principles described above. The principles were also discussed at the January 2006 meeting.

It is proposed that the revised "Policy on Fees for Selected Professional School Students" be adopted by The Regents to replace the current policy. The revised Policy reflects the guiding principles first shared with The Regents in November 2005 and discussed again in January 2006.

Under the policy, 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, the particular professional program; the ability of the University to remain competitive with other institutions; the cost of education for each specific program; the resident and non-resident tuition and fees charged by comparable public institutions for each specific program; the funding requirements for financial aid; overall State General Fund support for the University; and other market-based factors that permit University programs to compete successfully for students.

It is anticipated that any proposal to increase professional school fees for California residents will take into account the in-state rates charged at public peer institutions of comparable quality for similar professional programs. Similarly, it is anticipated that proposals to increase tuition and professional degree fees for nonresident students will take into account the nonresident tuition and fees charged by that professional school's public peer institutions.

The revised Policy acknowledges that professional school fees are not intended to be the sole source of support for the schools' academic programs and that revenue from future professional school fee increases should be used to maintain and enhance the quality of the schools and their programs and to provide additional financial aid to maintain the affordability and competitiveness of the programs. It is recognized that aid programs may include loan forgiveness programs for graduates who choose less lucrative careers in public interest professions, not-for-profit sectors, and underserved communities.

The revised Policy is also consistent with the Compact with the Governor, which calls for the University to develop a long-term plan for increasing professional school fees that considers a number of factors:

- 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.

*Financial Aid for Students In Professional Degree Programs*

The graduate financial aid policy adopted by The Regents in 1994 is guided by two principal objectives: to meet the nation's and State's needs for a highly educated workforce of faculty, scholars, researchers, and professionals, and to provide educational opportunities to students of all socioeconomic backgrounds. The policy states that in meeting these needs, the University must attract a diverse pool of highly qualified students who are willing and able to pursue graduate academic and professional degrees. The policy further recognizes that the University's graduate financial support should be tailored at the local level to individual program needs and circumstances.

Consistent with The Regents' financial aid policy, the proposed Policy on Fees for Selected Professional School Students provides that any professional school fee increase approved by The Regents must also result in additional funding for financial aid so that programs can continue to enroll a diverse group of highly qualified students from a range of socioeconomic backgrounds. This aid can be delivered either as gift aid (i.e., scholarships, fellowships, or grants) to students while they are enrolled, or as loan repayment assistance to program graduates who have 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, including:

- the level and mix of support provided by comparable institutions;
- the availability of gift aid or loan repayment assistance from other sources;
- the earnings differential between program graduates who choose public interest careers and those who do not; and
- the availability of full-time public service careers for program graduates.

At the January 2006 meeting, The Regents expressed concern about the impact of professional degree fee increases and the accompanying increase in student debt levels on the ability of students to pursue public service careers that are not well remunerated. The attached report (Attachment 4) describes in detail the breadth of strategies, including expanding the size and scope of their loan repayment assistance programs (LRAPs), that professional degree programs are employing in order to foster public interest work among their students and to ensure that public interest careers remain a viable option for program graduates.

(Attachments)