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Office of the President

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

<u>DISCUSSION ITEM</u>

For Meeting of July 16, 2025

OVERVIEW OF THE UNIVERSITY OF CALIFORNIA TUITION STABILITY PLAN

EXECUTIVE SUMMARY

The University of California Tuition Stability Plan was approved by the Regents in July 2021. Beginning in fall 2022, annual adjustments to Tuition, the Student Services Fee, and Nonresident Supplemental Tuition apply to undergraduates on a cohort basis. All three charges are expected to be higher for each incoming undergraduate cohort than the amounts charged to prior cohorts, but they remain flat for the duration of a student's enrollment, up to six years. For graduate students in State-supported programs, the approved Tuition Stability Plan applies annual adjustments to Tuition and the Student Services Fee on a uniform basis (i.e., the same rate applies to both new and continuing graduate students, regardless of entering cohort).

Since its implementation, moderate and predictable adjustments to systemwide charges have played a critical role in preserving the funds that support UC's academic activities and the infrastructure needed to perform them. Critically, increases to these charges have also resulted in additional financial aid that has not only fully covered any fee increase for more than one-half of California undergraduates but has also provided students with additional resources to cover increases in living expenses, books and supplies, and other components of the total cost of attendance.

At a future meeting, the Regents may be asked to consider changes upon reapproval to the Tuition Stability Plan, including:

- increasing the cap on annual increases to systemwide charges to seven percent from the current five percent;
- reducing the return-to-aid rate on increases to undergraduate Tuition and the Student Services Fee to 35 percent from the current rate of 45 percent; and
- building in an additional step increase on top of the annual inflation-based increases to systemwide charges.

BACKGROUND

Details of the Tuition Stability Plan

At their July 2021 meeting, the Regents approved the University's multi-year Tuition Stability Plan, which would make adjustments to Tuition, the Student Services Fee (SSF), and Nonresident Supplemental Tuition (NRST) on a cohort basis for incoming undergraduate students and on a uniform basis for graduate students in State-supported programs. Effective fall 2022, the Plan provides tuition stability and predictability for students and parents, enhances financial aid and affordability for students with financial need, and supports campus operations to maintain and improve the quality of a UC education.

For undergraduate students (and as shown in Display 1):

- Students who enrolled prior to fall 2022 will continue to pay 2021-22 rates through 2026-27 for Tuition, the Student Services Fee, and NRST (also known as mandatory systemwide charges).
- For students who entered fall 2022 and later, the three charges are assessed on a cohort basis—all three charges for each entering cohort are expected to be higher than the amounts charged to prior cohorts but remain flat for the duration of a student's enrollment, up to six years.
- Annual adjustments from one cohort to the next were designed to decline over time, from inflation plus two percent for fall 2022 to inflation only for fall 2026.
- 45 percent of new revenue generated by adjustments to Tuition and the Student Services Fee is set aside for financial aid.
- 20 percent of new revenue generated by adjustments to NRST is set aside for nonresident undergraduate financial aid. In May 2025, the Regents approved an adjustment to this requirement that allows campuses to utilize this funding to support California resident undergraduates in addition to undergraduate nonresident students.

Display 1: Tuition Stability Plan Implementation (Undergraduate Students)

Plan Year	Year Student First Enrolls at UC (Entering Cohort)	Increase Over Amount Charged to Students Who Entered in Prior Year	Approved Increase (%)
	2021-22 or earlier	No increase	No increase
Year 1	2022-23	Inflation + 2.0%	4.2%
Year 2	2023-24	Inflation + 1.5%	5.0%
Year 3	2024-25	Inflation + 1.0%	5.0%
Year 4	2025-26	Inflation + 0.5%	3.5%[1]
Year 5	2026-27 and later	Inflation	Inflation

[1] The 3.5% increase in 2025-26 is applicable only to Tuition and the Student Services Fee. The Regents approved an increase to undergraduate NRST of 9.9% for nonresident undergraduate students.

For graduate students:

- Tuition, the Student Services Fee, and NRST continue to be assessed on a uniform basis—the same rate applies to both new and continuing students, regardless of a student's entering cohort.
- Commencing fall 2022, Tuition and the Student Services Fee adjust annually based on inflation.
- For students in programs that charge Professional Degree Supplemental Tuition, 40 percent of new revenue generated by adjustments to Tuition and the Student Services Fee is set aside for financial aid.[1]

For any year in which the increase to a student charge would exceed five percent, the increase is capped at five percent unless the Regents take action to approve a different amount. The Regents' approval of the Plan included a requirement that it be reviewed and reauthorized prior to the 2027-28 academic year.

Context for Approval of the Tuition Stability Plan

Each year, the University must address mandatory cost increases and invest in high-priority areas to ensure that current and future generations of UC students from all socioeconomic backgrounds have access to the same world-class educational opportunities enjoyed by past generations.

The University must address these needs within a fiscal environment that is already challenging following years of enrollment growth—over 30,000 California resident undergraduates since 2015-16—and substantial cost increases to core operations that have outpaced growth in State support and tuition revenues. Between 2011-12 and 2021-22, for example, mandatory Tuition for undergraduate students increased only once (in 2017-18, by 2.5 percent). As detailed in the University's 2025-26 Budget for Current Operations:

- Instructional expenditures per student are lower today than they were two or three decades ago.
- The student-to-faculty ratio has continued to worsen, resulting in larger class sizes and fewer opportunities for students to meaningfully engage with ladder-rank faculty.
- Staff support for students and faculty has not kept pace with enrollment growth.
- Salaries for ladder-rank faculty continue to lag the University's competitive benchmark.
- The University faces a growing backlog of deferred maintenance needs that cannot be addressed with current resources.
- A declining percentage of students are able to get into their first-choice major.
- Students report that they are less likely to know at least one professor well enough to ask for a letter of recommendation.

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[1] The return-to-aid was unchanged by the Tuition Stability Plan for Tuition and Student Services Fees for students in academic graduate programs (50 percent) and for Professional Degree Supplemental Tuition (PDST) for graduate professional programs (33 percent).

Under the Tuition Stability Plan, moderate and predictable adjustments to student tuition and fees have played a critical role in addressing these needs and in preserving UC's core funds. Indeed, UC's inflation-adjusted core funds, which include State support and revenue from mandatory systemwide charges, are roughly the same now, on a per-student basis, as they were in 2011-12. Moreover, increases to these charges have resulted in additional financial aid that not only fully covered any fee increase for more than one-half of California undergraduates but also provided students with additional resources to cover increases in living expenses, books and supplies, and other components of the total cost of attendance.

Preliminary Analysis of Tuition Stability Plan Outcomes

Affordability

New Funding to Support California Resident Undergraduates

Since its implementation in fall 2022, the Tuition Stability Plan has generated almost $200 million of new, ongoing funding for the undergraduate University Student Aid Program (USAP) from the return-to-aid (RTA) component on increases to Tuition and the Student Services Fee. This is in addition to over $100 million attributable to enrollment growth over the same period.

- 2021-22 USAP Base: $785 million
- 2025-26 USAP Base (est.): $1,086.6 million

Cumulatively, the result is approximately $400 million of USAP-funded financial aid awards (also known as UC grants) to California resident undergraduates between 2022-23 and 2025-26 directly attributable to increases under the Tuition Stability Plan.

Net Cost for California Families

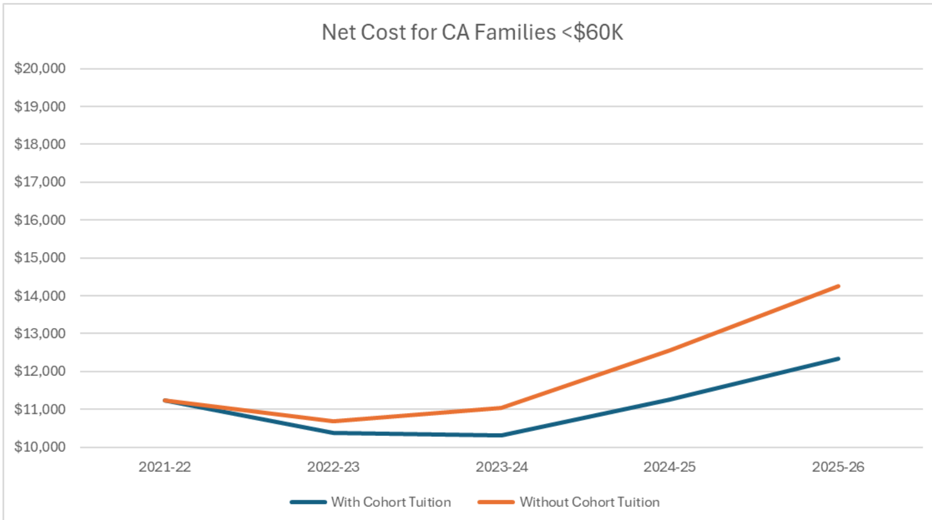
For most California resident undergraduate students, the additional financial aid generated by increases under the Tuition Stability Plan has helped to keep the net cost of attending a UC campus lower than it otherwise would have been under a flat tuition and fee model. The net cost is the total estimated cost of attending UC, including tuition and fees, food, rent, books and supplies, transportation, and personal expenses, less any grants and scholarships. Of note:

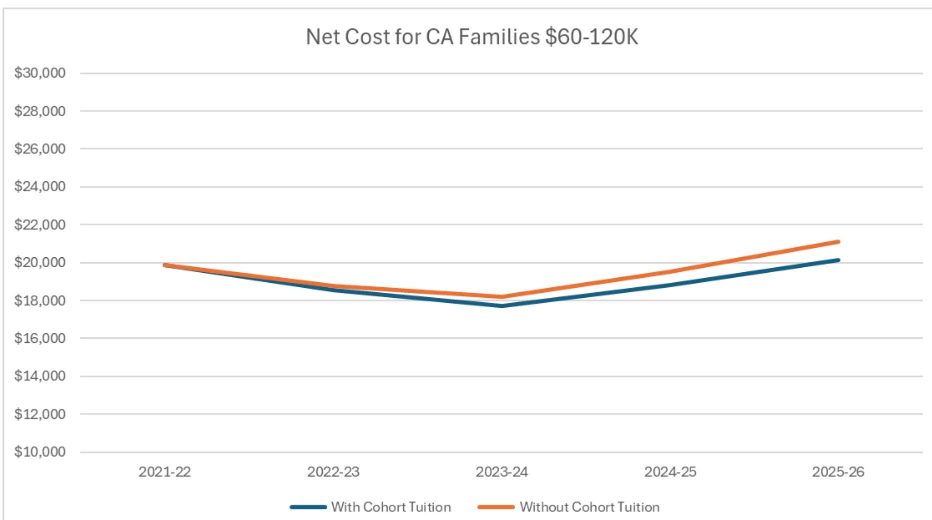
- approximately 90 percent of students with family income under $60,000 receive UC grants,
- 70 percent of students with family income between $60,000 and $120,000 receive UC grants, and
- roughly ten to 20 percent of students with family income over $120,000 receive UC grants.

As shown in Display 2, the average net cost of attendance for California families with incomes under $60,000 and between $60,000 and $120,000, respectively, was lower between 2021-22 and 2025-26 (est.) than it otherwise would have been without the cohort tuition model in place. This is because the increased funding for UC students from both the Cal Grant program and

UC's own need-based grant program is greater than the amount needed to cover the tuition increases for needy students, which creates increased financial aid for housing, food, and other expenses.

Display 2: Net Cost of Attendance for California Families (Under $120,000)

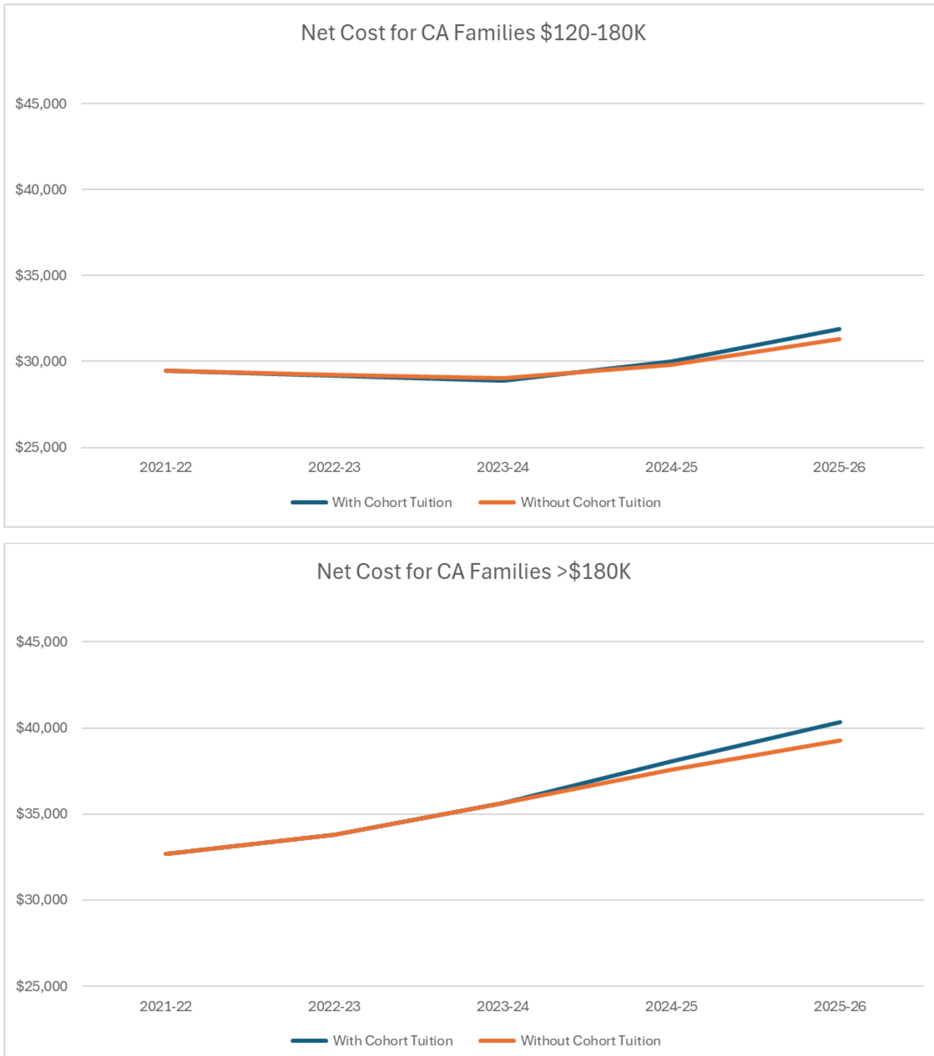




For example, in 2024-25, for a student with a family income under $60,000, the average net cost of attending a UC campus was $11,269. Without the additional revenues generated by the Tuition Stability Plan, the average net cost of attendance for students in this population would have been $12,547. Put another way, while Tuition and the Student Services Fee increased between 2023-24 and 2024-25 by $684, the average net cost of attendance for a student with a family income under $60,000 was $1,278 less than it otherwise would have been absent the additional resources (Cal Grants and UC need-based grants) generated by the Tuition Stability Plan.

As shown in Display 3, for families earning $120,000 and more, a different pattern emerges: the average net cost is lower when tuition stays flat. Note that, depending on State appropriations, some of these families receive partial tuition coverage under the State's Middle Class Scholarship program (which serves eligible families with incomes up to $234,000 in 2025–26). Holding tuition flat provides the greatest advantage to families who also have the greatest financial resources.

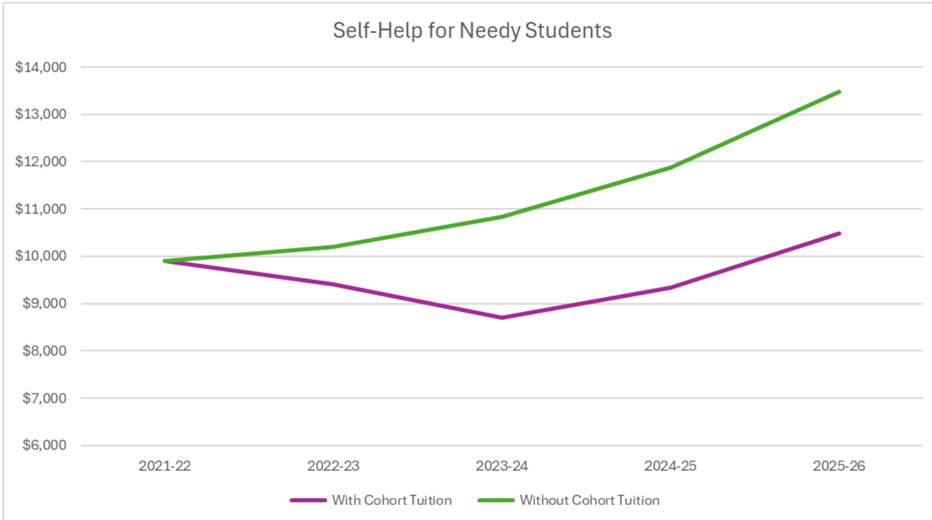
Display 3: Net Cost of Attendance for California Families (Over $120,000)



Self-Help Levels for Needy Students

UC expects every undergraduate seeking financial aid to help cover the net cost of attendance through a manageable combination of part-time work and, if necessary, borrowing. This contribution is known as "self-help," or the combination of loans and wages earned from jobs during the academic year and summer. As shown by the purple line in Display 4, the additional financial aid resources generated by the Tuition Stability Plan reduced self-help levels for needy students relative to a scenario where systemwide charges were held constant (this scenario is shown by the green line, which assumes that systemwide charges align with those assessed in 2021-22).

Display 4: Self-Help for Students Receiving Financial Aid (2021-22 Fee Levels)



Absent the fee increases associated with the Tuition Stability Plan starting in 2022-23, no new financial aid funding would have been available to help cover increases in students' other expenses (e.g., housing, books, transportation, etc.), so students would have needed to cover the entirety of those cost increases themselves. Self-help was lower in 2024-25 than it would have been without cohort-based tuition due to the additional financial aid resources generated by the adjustment to tuition and fees to help students cover a portion of their other cost increases.

Undergraduate Enrollment and Retention

LCFF+

Certain high schools in California are eligible for supplemental funding under the state's Local Control Funding Formula (LCFF). These high schools are referred to as "LCFF+" when more than 75 percent of their total enrollment (unduplicated) is composed of pupils who are English language learners, eligible for free or reduced-price meals, or foster youth.

From 2021-22 to 2024-25, the share of undergraduate California residents who came from LCFF+ schools has hovered around 17 percent, with some campuses increasing the share of LCFF+ students at their campus (San Diego, Berkeley) and some showing a slightly declining share (Merced, Santa Barbara, Davis). This metric may be influenced by data identification challenges faced by the California Department of Education (CDE) and high schools during the COVID-19 pandemic, as one of the determinants of LCFF+ status is the proportion of students who applied and qualified for free and reduced-price lunch while attending school in person. Universal free lunch programs introduced during the pandemic have reduced the incentive for families to complete the application.

Pell Recipients

Between fall 2021 and fall 2024, the share of undergraduates who were Pell Grant recipients initially declined slightly, from 34.1 percent in 2021 to 33.3 percent in 2022, but then increased in fall 2023 to 33.7 percent and then showed a larger percentage point increase in fall 2024 to 36.3 percent. That said, trends in the Pell Grant are difficult to evaluate because eligibility requirements change—the new Free Application for Federal Student Aid (FAFSA) revised Pell eligibility requirements recently, increasing Pell enrollment nationally in fall 2024.

Underrepresented Groups (URG)

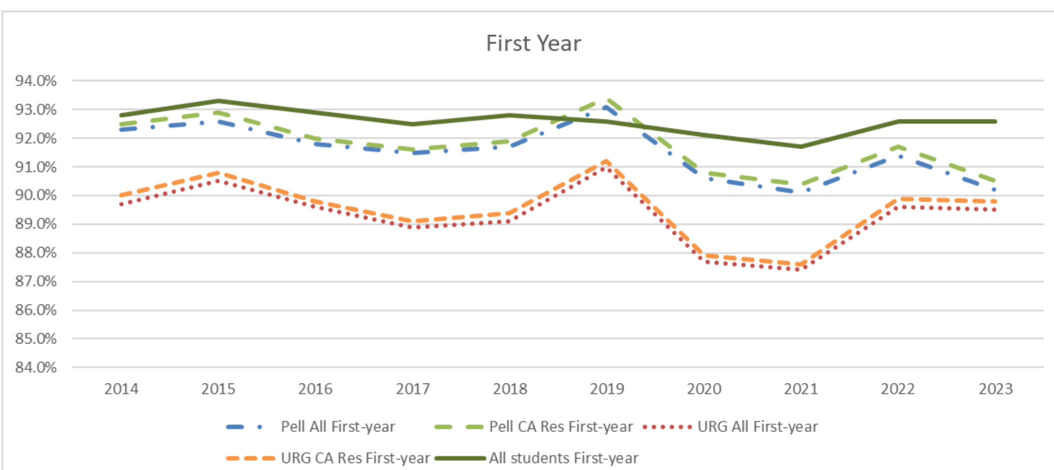
From fall 2021 to 2024, the share of undergraduates from underrepresented groups increased from 30.1 percent to 32.3 percent, where underrepresented includes African American, American Indian, Hispanic/Latino(a), and Native Hawaiian/Pacific Islander. This increase has been relatively broad-based across UC campuses — nearly every campus has increased both the number and proportion of URG students each year since 2021. The increase was relatively steady each year between fall 2021 and fall 2024.

Retention Rates

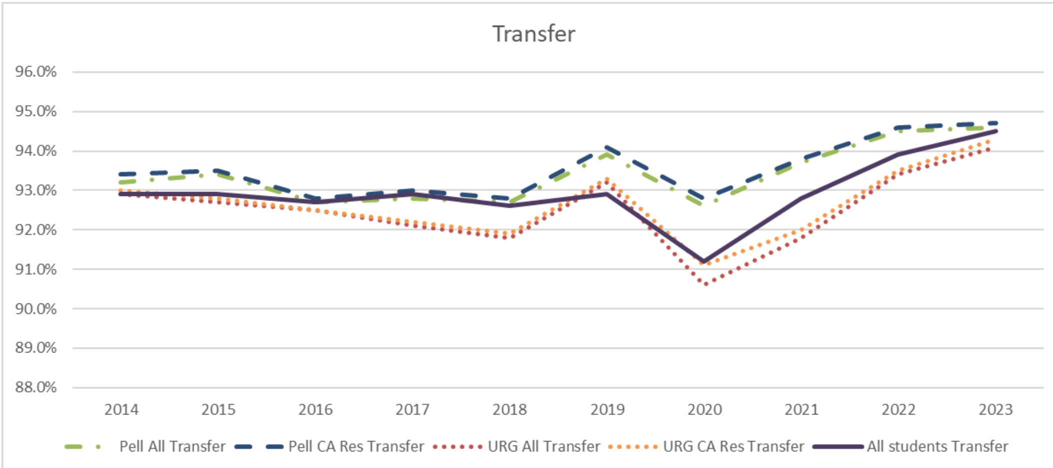
Retention rates for first-year Pell or URG entrants mostly follow the same pattern as all students, as shown in Display 5. The 2019 cohort saw increased retention compared to the prior year for both Pell and URG students, while non-Pell and non-URG student rates both declined. In 2023, Pell retention rates slightly declined while URG and all-student retention rates did not. The overall scale is important to note—these are small variations overall.

For transfer entrants, per Display 6, patterns were similar across all groups between 2014 and 2023. Interestingly, Pell recipients have had higher retention rates in the last several years compared to non-Pell recipients. This outcome is due in part to declining retention rates of international students, who are generally ineligible for Pell grants. The impact of the COVID-19 pandemic can be seen more strongly among transfer entrants.

Display 5: Retention Rates for First Year Undergraduates



Display 6: Retention Rates for Undergraduate Transfer Students



Support for Campus Operations

Since 2022-23, the Tuition Stability Plan has generated over $375 million of new, ongoing revenues for campus operations, net of the roughly $200 million in corresponding return-to-aid. This $375 million figure excludes increased revenues attributable to enrollment growth during this same period. This funding, alongside growth in State support under the multi-year Compact, has allowed campuses to address a portion of rising annual costs in core operations.

Renewing the Tuition Stability Plan

Potential Changes to Elements of the Tuition Stability Plan

Cap on Annual Tuition Increases

The original action item to approve the Tuition Stability Plan, brought to the full Board of Regents in July 2021, included a cap on annual inflation-based increases to systemwide charges of six percent, unless a higher increase was approved by the Board. An amendment to the item, which recommended reducing the cap from six percent to five percent, was approved alongside full approval of the plan.

Display 7: Annual Increases to Mandatory Tuition and Fee Levels

	2022-23	2023-24	2024-25	2025-26[2]
CA-CPI (3-year avg.)[1]	2.28%	4.85%	4.09%	3.00%
Phase-in	2.00%	1.50%	1.00%	0.50%
Increase	**4.25%**	**5.00%**	**5.00%**	**3.50%**
Increase (w/o cap)	**4.25%**	**6.35%**	**5.09%**	**3.50%**

[1] Increases calculated based on available CA-CPI estimates at the time rates were calculated.

[2] An increase to undergraduate NRST of 9.9% was approved for 2025-26.

As shown in Display 7, annual increases under the original six percent cap would have been higher for the incoming undergraduate cohorts in 2023-24 and 2024-25, by one percentage point (since the increase would have been capped at six percent) and 0.09 percentage points, respectively.

When the Tuition Stability Plan is brought back for renewal, one potential recommendation would be to increase the cap to seven percent from five percent. In the event of a high inflationary fiscal environment, a higher cap on annual increases would allow for additional funding to support campuses and increased financial aid revenues for students.

Return-to-Aid Required on Undergraduate Tuition and Student Services Fee Increases

When the Tuition Stability Plan was discussed in May 2021, the plan's return-to-aid requirements were consistent with the University's historical approach to generating critical financial aid resources for its students. Specifically, the general provisions of the plan required that:

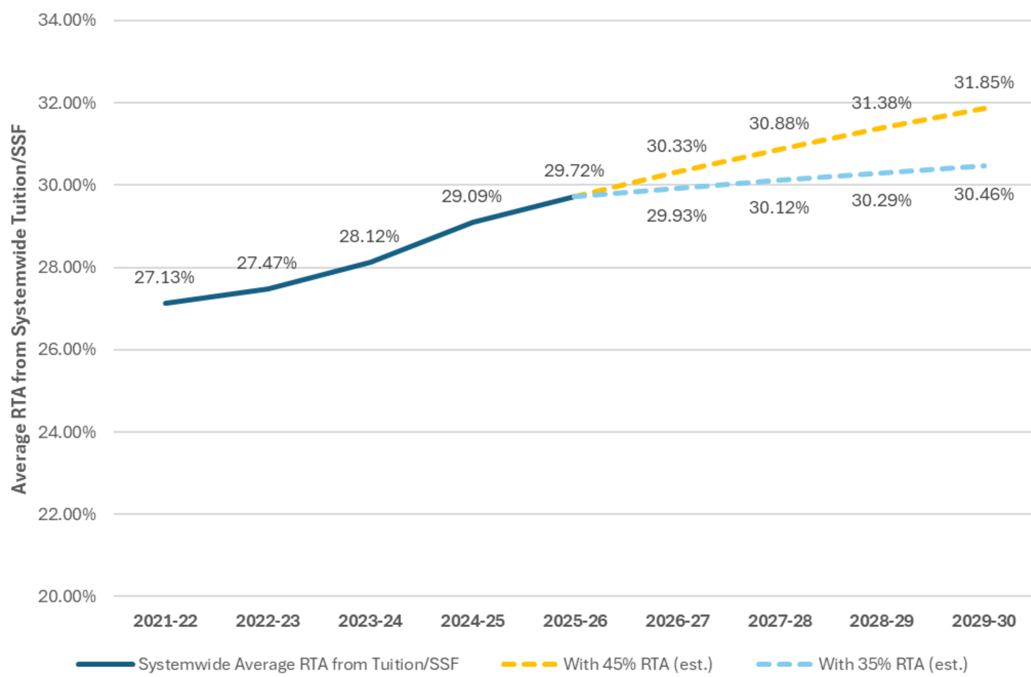
"An amount equivalent to ***33 percent of the undergraduate tuition and Student Services Fee increase****, 10 percent of the undergraduate Nonresident Supplemental Tuition increase, 50 percent of the graduate academic student tuition and Student Services Fee increase, and 33 percent of the graduate professional student tuition and Student Services Fee increase will be set aside for financial aid."*

At that meeting, the Regents expressed interest in seeing a higher return-to-aid rate, such that one-third of *total* undergraduate Tuition and Student Services Fee revenues were ultimately dedicated to undergraduate financial aid. In response, the July 2021 action item reflected a 40 percent return-to-aid rate on increases to undergraduate Tuition and the Student Services Fee. An amendment made at that meeting further increased the return-to-aid rate to 45 percent, which was ultimately included in the approved Tuition Stability Plan.

When the Tuition Stability Plan is brought back for renewal, one potential recommendation would be to revisit the return-to-aid rate on undergraduate Tuition and the undergraduate Student Services Fee and reduce it to 35 percent of future annual increases. At a rate still higher than the original 33 percent, a larger share of incremental revenue from annual tuition and fee adjustments would be available to support campus core operations, while also continuing to make progress towards ensuring that one-third of total undergraduate Tuition and Student Services Fee revenues are dedicated to financial aid.

Since 2021-22, the *average* return-to-aid rate on total systemwide Tuition and Student Services Fee revenues has grown from approximately 27.13 percent in 2021-22 to an estimated 29.72 percent in 2025-26. Display 8 shows estimated average return-to-aid rates through 2029-30 under a scenario in which the incremental RTA rate remains at 45 percent, as well as under the possible scenario in which the incremental RTA rate is reduced to 35 percent of Tuition and SSF revenues. Display 8 assumes annual inflation-based increases to these systemwide charges.

Display 8: Average RTA from Systemwide Tuition and SSF (Undergraduates)



Step Increases in Addition to CA-CPI

When the Tuition Stability Plan is brought back for renewal, the Regents may also be asked to consider a recommendation to build in an additional step increase on top of the inflation-based increases (e.g., adding an additional percentage point on top of the three-year average of CA-CPI).

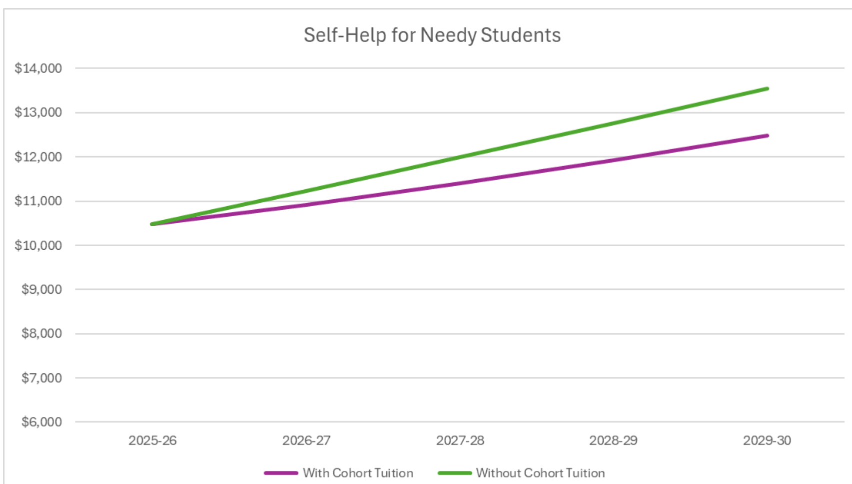
Summer Session Charges

Under the approved Tuition Stability Plan, the University has continued to set a uniform per-unit rate for matriculated undergraduate students who enroll in summer session. This rate is determined by the University of California Office of the President (UCOP), and is currently based on the cohort rates for Tuition and the Student Services Fee that applied to entering students four years earlier (e.g., the summer 2026 rate would be based on the fall 2022 entering cohort rate). Summer session fees include a return-to-aid component, but campuses also retain their existing authority both to offer summer session fee discounts relative to the uniform rate and to charge additional summer fees (consistent with campus and systemwide fee policies). When the Tuition Stability Plan is brought for renewal, the Regents may be asked to consider a recommendation to allow for newer rates to serve as the base for the uniform per-student summer sessions rate (e.g., using the cohort rates that applied to entering students two or three years earlier, as opposed to four).

Continued Focus on Student Affordability

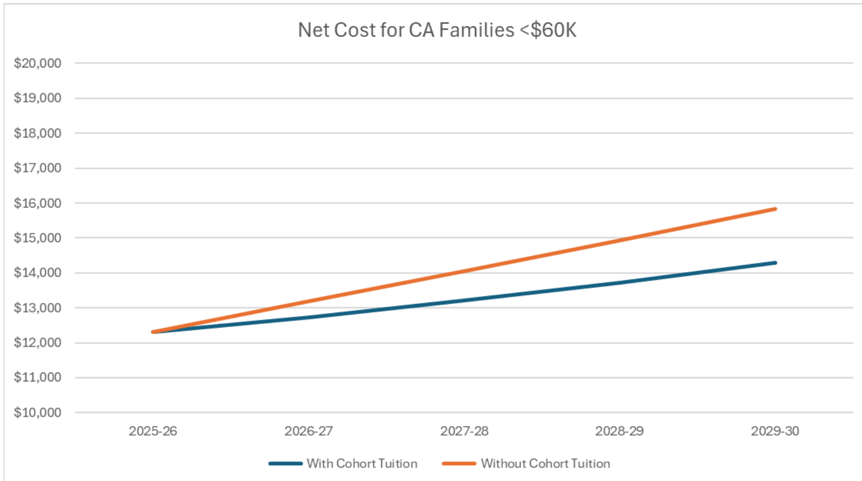
As shown in Display 9, if the Tuition Stability Plan is renewed in 2026-27, assuming annual increases of about three percent with a 35 percent RTA rate, it would continue to generate new funding to reduce the self-help of needy students relative to a scenario where systemwide charges are held flat. The counterfactual shown by the green line assumes that fees would be held flat at each cohort's 2025-26 Tuition/SSF level starting in 2026-27. Increases above three percent would generate even more support for students eligible for financial aid.

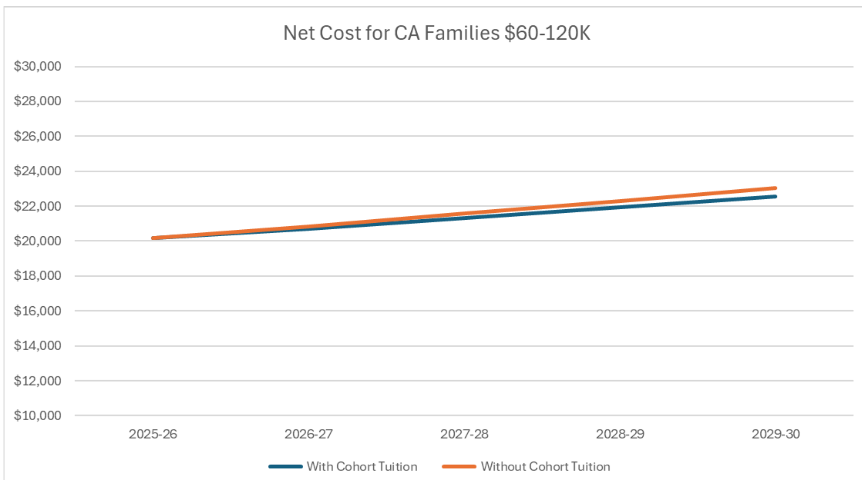
Display 9: Self-Help for Students Receiving Financial Aid (Under Renewed Plan)



Similar to what occurred between 2022-23 and 2025-26, relative to a scenario where mandatory tuition and fees remain flat at 2025-26 levels, a renewal of the Tuition Stability Plan is expected to reduce the average net cost of attendance for students with family incomes under $120,000 (Display 10).

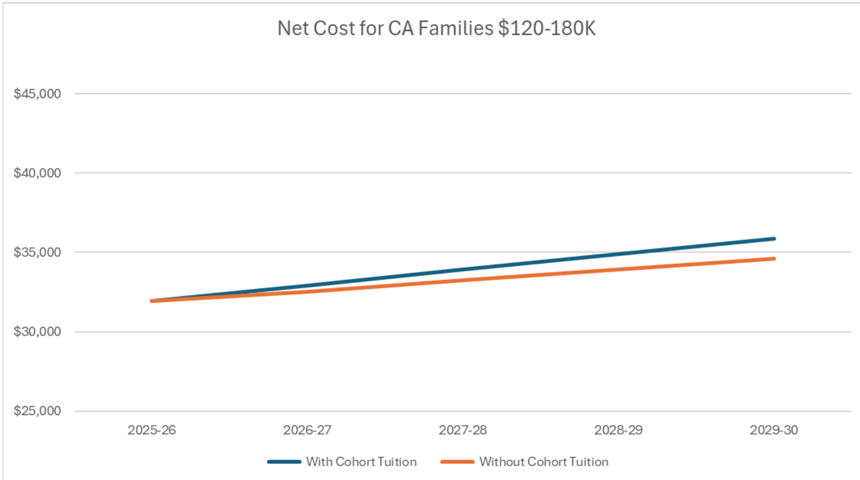
Display 10: Net Cost of Attendance for California Families (Under $120,000)

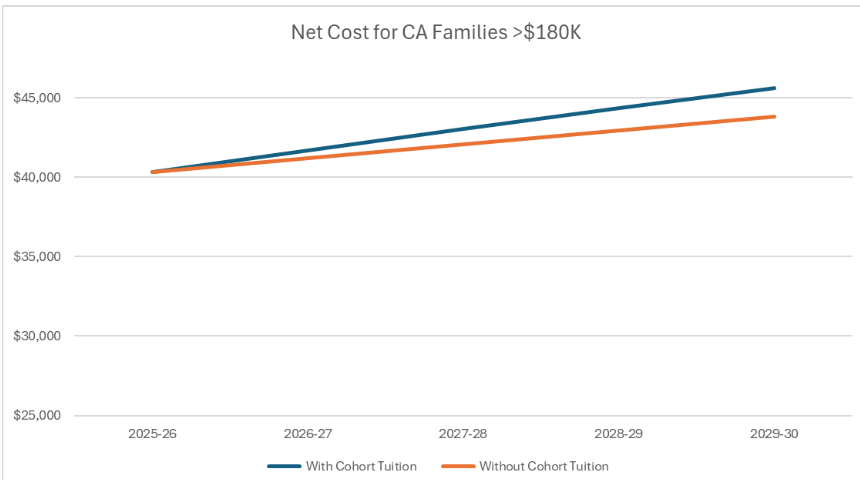




For families with incomes above $120,000, the average net cost of attendance would be slightly higher with the Plan's renewal (Display 11). For example, in 2029-30, a student with a family income between $120,000 and $180,000 could expect an average net cost of attendance that would be about $1,250 more if the Tuition Stability Plan were renewed; for a student with a family income above $180,000, that figure increases to roughly $1,800.

Display 11: Net Cost of Attendance for California Families (Over $120,000)





Under the Tuition Stability Plan, students across the system have access to increased financial aid from a combination of resources. Display 12 reflects the 2023-24 shares of California resident undergraduate students with different types of financial aid and/or fee exemptions—specifically, awards from UC grants and Cal Grants, the Native American Opportunity Plan, or tuition exemptions for California veterans—that should increase under the Tuition Stability Plan to cover the higher fee level for affected students (i.e., the incoming cohort only).

Display 12: Shares of CA Undergraduates with Aid to Offset Increased Fees

Cal Grant, UC Grant, or Tuition Award

	UCB	UCD	UCI	UCLA	UCM	UCR	UCSB	UCSC	UCSD	System
1.Less than $60K	91%	92%	92%	87%	96%	94%	92%	90%	93%	92%
2.$60Kto $120K	81%	83%	82%	75%	88%	84%	82%	82%	82%	82%
3.$120Kto $180K	41%	38%	37%	34%	43%	32%	35%	30%	37%	36%
4.Over $180K	4%	4%	5%	4%	4%	3%	4%	3%	4%	4%
5. All with Cal Grant, UC Grant, or Tuition Award	49%	53%	59%	47%	75%	64%	48%	48%	56%	54%

Assuming that 2023-24 represents a typical year, for most California resident undergraduates (54 percent systemwide), increased aid generated by the Tuition Stability Plan would be sufficient to offset the Plan's annual increases to mandatory systemwide charges. At UC Merced, the campus with the highest share of students eligible for financial aid, roughly three-quarters of California resident undergraduates would benefit from a Tuition Stability Plan renewal. Additionally, while the average net cost of attendance for students from families earning more than $120,000 is expected to be higher under a renewal of the plan, about 36 percent of students with family incomes between $120,000 and $180,000 would receive sufficient financial aid to offset the increases. About four percent of students from families earning more than $180,000 would also see their fee increases covered.

For about five percent of California resident undergraduates (who do not receive financial aid from the sources noted above), the Middle Class Scholarship covers a portion of annual increases to mandatory systemwide charges. Display 13 shows the unduplicated share (i.e., shares of students *in addition to* the figures in Display 12) of California resident undergraduates receiving Middle Class Scholarship funding. Note that the Middle Class Scholarship provides support to a much larger set of UC students (43 percent of California residents), but the five percent noted below do not receive Cal Grants or UC grants.

Display 13: Shares of CA Undergraduates with MCS to Offset a Portion of Fees

Middle Class Scholarship Recipients Not in Display 12

	UCB	UCD	UCI	UCLA	UCM	UCR	UCSB	UCSC	UCSD	System
1.Less than $60K	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2.$60Kto $120K	1%	1%	2%	1%	2%	3%	1%	1%	2%	2%
3.$120Kto $180K	17%	22%	22%	21%	21%	24%	20%	23%	20%	21%
4.Over $180K	4%	5%	6%	5%	7%	6%	4%	5%	5%	5%
Total	4%	5%	5%	5%	3%	5%	4%	5%	5%	5%

Three Sample Students Under the Tuition Stability Plan

The following displays show anticipated financial aid packages in 2029-30 for students from families across four income levels: $45,000 per year, $90,000 per year, $120,000 per year, and $180,000 per year. Two scenarios are presented for each sample student: one in which the Tuition Stability Plan is renewed with annual inflation-based increases and with a 35 percent return-to-aid rate; and another in which the plan is not renewed and fees remain flat at 2025-26 levels.

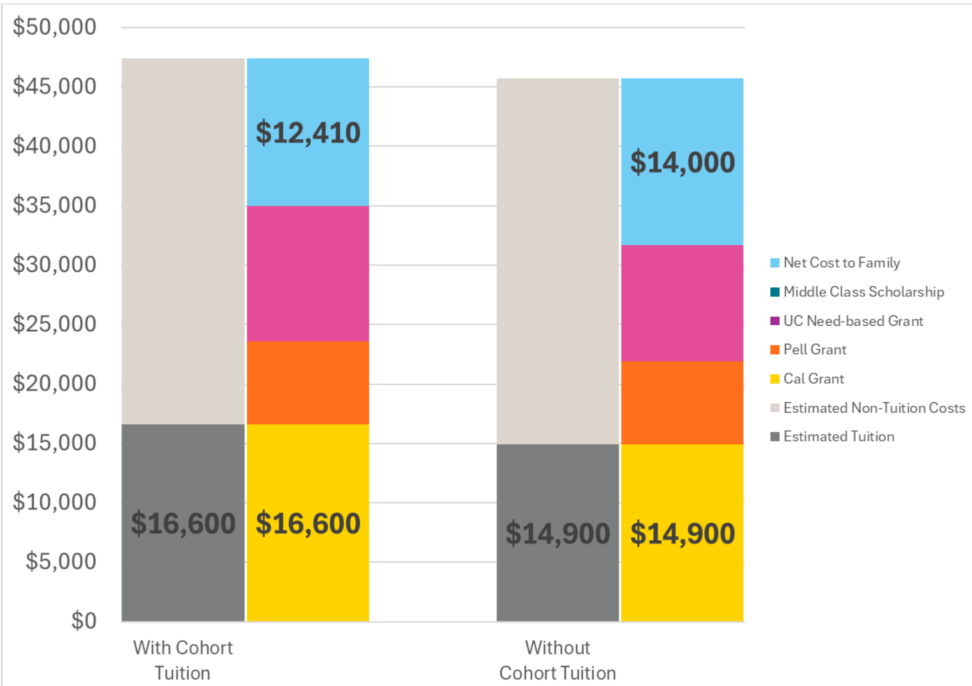
The stacked bars in the grey tones reflect the actual costs projected in 2029-30. These figures are identical across all four sample students:

- If the Tuition Stability Plan is renewed, the average total cost of attendance would be $47,400, with $16,600 attributable to tuition and fees and $30,800 associated with non-tuition costs.
- If the Tuition Stability Plan is not renewed, the average total cost of attendance would be $45,700, with $14,900 attributable to tuition and fees and $30,800 associated with non-tuition costs.

To the right of this set of stacked bars, a separate stacked bar with various colors reflects the different sources of financial aid that would be available for each sample student to offset a portion of those expected costs, with the net cost of attendance (i.e., the self-help level or family contribution for each student) in light blue at the top.

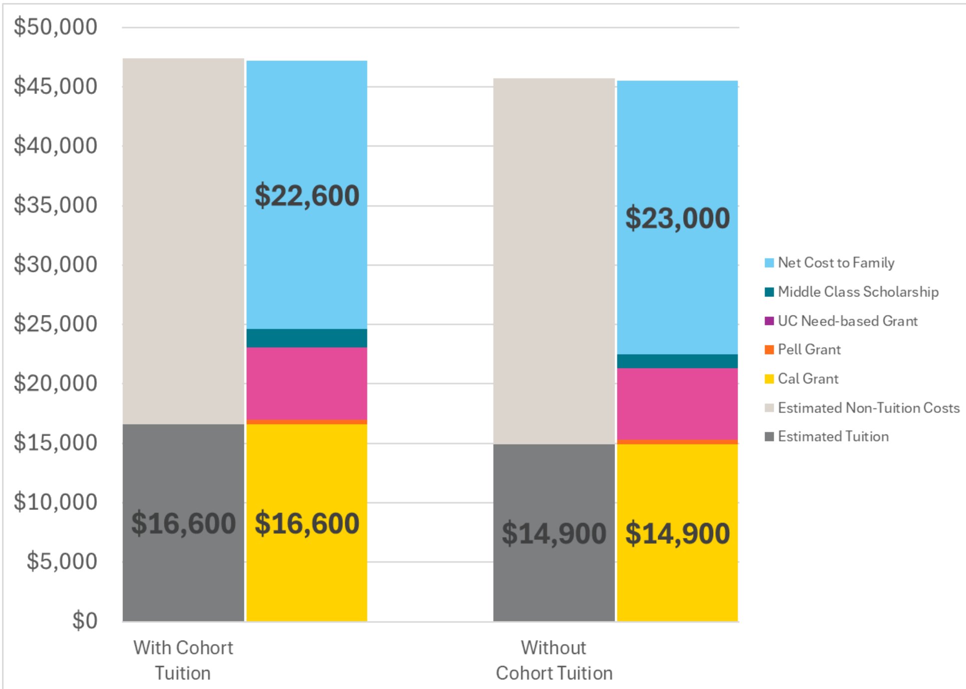
As shown in Display 14, for a student from a family earning $45,000 per year, the average net cost of attending UC would be $12,410 under the renewed Tuition Stability Plan. For that same student, the average net cost of attending would be almost $1,600 higher if the plan is not renewed, despite the lower tuition level. Note that the example students in Displays 14 and 15 have a Cal Grant, which covers tuition; if these example students did not have a Cal Grant, the UC grant would increase in a similar way.

Display 14: Family Earning $45,000/Year With and Without the Tuition Stability Plan

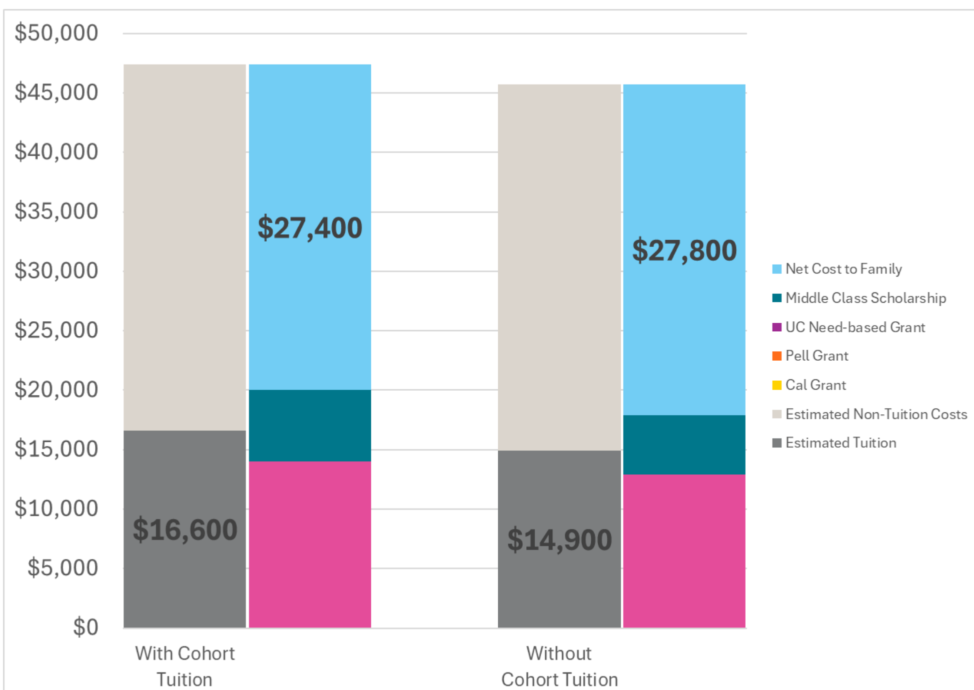


For the students with family incomes of $90,000 per year and $120,000 per year, the average net cost of attendance would be about $400 lower if the Tuition Stability Plan were renewed relative to a scenario where fees remain at 2025-26 levels. (Displays 15 and 16)

Display 15: Family Earning $90,000/Year With and Without the Tuition Stability Plan

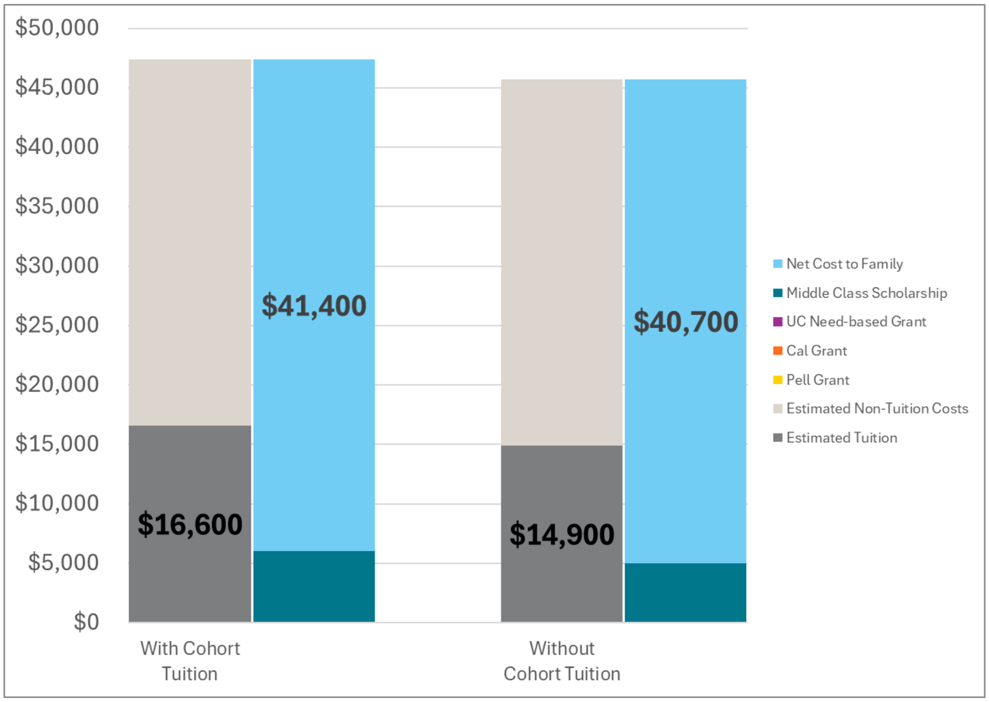


Display 16: Family Earning $120,000/Year With and Without the Tuition Stability Plan



A different pattern emerges for the student with a family income of $180,000. As seen in Display 17, when fees are increased under the Tuition Stability Plan, the net cost of attendance is $700 higher.

Display 17: Family Earning $180,000/Year With and Without the Tuition Stability Plan



CONCLUSION

Since the Tuition Stability Plan was implemented in fall 2022, moderate and predictable adjustments to student tuition and fees have played a critical role in preserving the funds that support UC's academic activities and the infrastructure needed to perform them. Moreover, increases to these charges have resulted in additional financial aid that not only fully covered any fee increase for more than one-half of California undergraduates, but also provided students with additional resources to cover increases in living expenses, books and supplies, and other components of the total cost of attendance. The Regents' approval of the Tuition Stability Plan included a requirement that it be reviewed and reauthorized prior to the 2027-28 academic year.

Potential recommendations for a renewed Tuition Stability Plan include: 1) increasing the cap on annual increases to systemwide charges to seven percent from five percent; 2) reducing the return-to-aid rate on increases to undergraduate Tuition and SSF to 35 percent (from 45 percent); 3) building in an additional step increase on top of the annual inflation-based increases to systemwide charges; and 4) basing UC's uniform per-unit rate—which applies to matriculated undergraduate students who enroll in summer session—on the cohort rates for Tuition and SSF that applied to entering undergraduates two or three years earlier (as opposed to four).

If the Tuition Stability Plan is renewed effective 2026-27, it would continue to generate new funding to reduce the self-help of needy students relative to a scenario where systemwide charges are held flat. Such a renewal is also expected to reduce the average net cost of attendance for students with family incomes under $120,000. Although the average net cost of attendance for students from families earning more than $120,000 is expected to be higher under a renewed plan, about 36 percent of students with family incomes between $120,000 and $180,000 would receive sufficient financial aid to offset the corresponding increases in systemwide charges. About four percent of students from families earning more than $180,000 would also see their fee increases covered.