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Office of the President

TO MEMBERS OF THE BOARD OF REGENTS:

ACTION ITEM

For Meeting of March 19, 2020

APPROVAL OF UNIVERSITY OF CALIFORNIA TUITION AND FEE PLAN

EXECUTIVE SUMMARY

The Regents are asked to approve a multi-year plan for three systemwide student charges: tuition, the Student Services Fee (SSF), and Nonresident Supplemental Tuition (NRST). Under the recommended action, adjustments to these charges would be assessed on a cohort basis for incoming undergraduate students and on a uniform basis for graduate students. The features of the proposed cohort model for undergraduate students reflect the discussions of a systemwide working group on cohort-based tuition and were shared with the Regents at the November 14, 2019 and January 22, 2020 meetings of the Board.

The proposed plan would generate additional funding for student financial aid that would reduce the net cost of attendance for more than one-half of UC California resident undergraduates, resulting in less need for students to borrow or work to finance their education. For California undergraduates who do not qualify for need-based financial aid, the Middle Class Scholarship Program is expected to partly cover the adjustments for eligible families with incomes up to $177,000. In addition, the proposal would generate new resources to support nonresident undergraduate students with financial need as well as graduate students.

The plan would also provide UC campuses with critical revenue to avoid the erosion in the quality of a UC education that would otherwise result if the University were to rely solely on available funding from the State and other sources, including the University's own ongoing efforts to identify alternative revenue sources and further improve operational efficiency. In-state tuition at UC has remained flat for seven of the last eight years. The increase in critical resources available to campuses to support student access, success, and well-being that would result from the proposal would benefit all UC students.

RECOMMENDATION

The Chair of the Board of Regents and the President of the University recommend that the Regents approve the following actions on mandatory systemwide student tuition and fees for 2020–21 through 2024–25:

A. Approve adjustments to student charges as described in Attachment 1, *Proposed Cohort-Based Adjustments to Student Charges*.

B. Authorize the President to assess charges below the amounts approved in Paragraph A in any year when the State provides an annual increase of more than five percent to the University's permanent base budget to buy out some or all of the proposed student tuition and fee adjustments.

BACKGROUND

At its meeting on January 22, 2020, the Regents engaged in a robust discussion of potential tuition models for the University of California. Those models included a cohort-based approach in which, for undergraduate students, adjustments to selected charges would apply only to incoming cohorts of students, as well as a traditional, uniform approach in which adjustments would be generally pegged to the rate of inflation and would apply to both new and continuing students. (Charges for graduate students would be assessed on a uniform basis under either approach.) The cohort-based approach is described in greater detail in Attachment 1, *Proposed Cohort-Based Adjustments to Student Charges*; the uniform approach is described in Attachment 2, *Alternative Uniform Adjustments to Student Charges.*

The discussion occurred within the context of the Governor's January budget proposal for the 2020–21 fiscal year and the projected resources that will be required to make and sustain the mandatory and high-priority investments included in the 2020–21 Budget Plan for Current Operations approved by the Regents in November 2019. Examples of those investments include:

- Eliminating achievement gaps between student populations and improving graduation rates in order to reduce student debt, accommodate larger incoming classes, and help the State meet its projected need for a highly skilled workforce under UC 2030, the University's multi-year framework

- Enrollment growth to further expand access for California undergraduates and support graduate education

- Maintaining and improving UC's strong track record as an engine of upward socioeconomic mobility and excellence by making further investments in student academic preparation and educational partnerships

- Ensuring a safe and functional environment for students, faculty, and staff by addressing the most critical aspects of the University's substantial deferred maintenance backlog

- Pursuing a responsible compensation strategy to address faculty salaries that are substantially below market, follow through on the University's collective bargaining agreements, and prevent wage erosion for nonrepresented staff

- Supporting the UC Riverside School of Medicine, which is helping to address the healthcare needs of the Inland Southern California region, which is facing the largest primary care physician shortage in the state

- Continuing to expand the University's investment in student mental health to ensure that counseling services and other resources are available to every UC student at every campus

- Keeping projected increases in all other budget categories—including employee and retiree health benefits, as well as all non-personnel costs—to a minimum

As depicted in Attachment 3, *Projection of Required and Available Resources*, growth in the resources required to sustain these investments over time is projected to outpace the resources available from State and University sources alone. An estimated shortfall of $259 million in 2020–21 is projected to grow to $738 million by 2024–25. Attachment 3 also shows how moderate and predictable increases in resources resulting from the proposed tuition and fee adjustments would significantly narrow, although not close, the budget gap. Additional information about the cost drivers reflected in these projections are provided in Attachment 4, *Projection of Required Resources from Core Funds: Detail.*

Consequently, the Board is asked to approve adjustments to selected student charges that would avoid the worst consequences of projected shortfalls while also making the University more affordable for most California resident undergraduates by significantly increasing the resources available for student financial aid. The relationship between tuition, financial aid, and UC affordability is described below.

TUITION, FINANCIAL AID, AND UC AFFORDABILITY

Financial aid helps students and their families cover the total cost of attending the University of California. That goes beyond tuition and fees—it also helps with housing, food, books, and other educational expenses. UC undergraduates received nearly $850 million in UC, federal, and State grants in 2018–19 to help cover these other costs while attending the University *in addition to* $1.3 billion from these same sources to help cover tuition and fees.

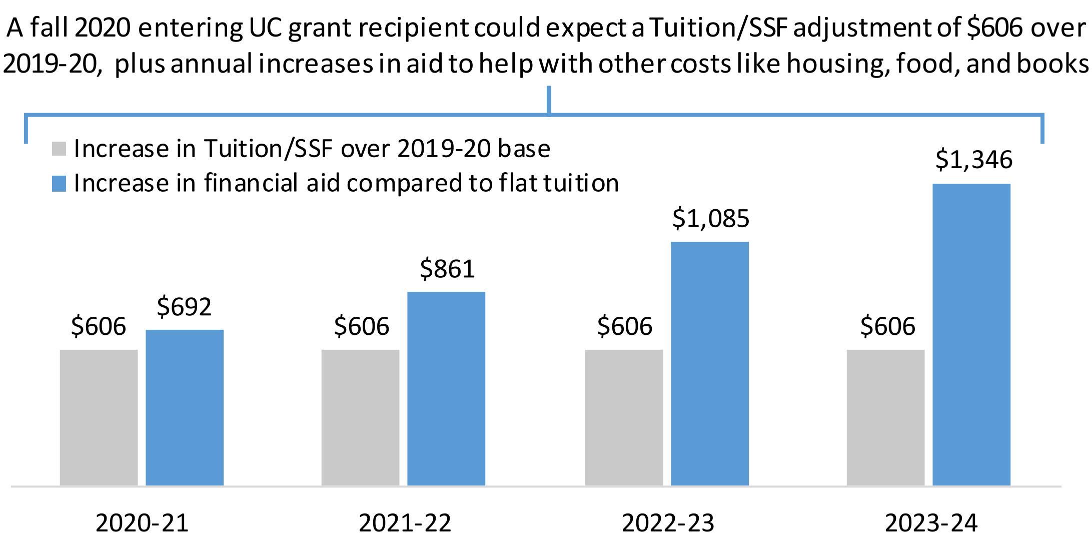
Tuition is the single largest driver of the amount of need-based grant assistance available to California resident undergraduates at UC for two reasons:

- One-third of all new undergraduate tuition and Student Services Fee revenue is set aside to fund UC's robust financial aid program. As a result, adjustments to tuition and the Student Services Fee also increase the pool of funds available for financial aid.

- One-third of UC undergraduates benefit from the State's Cal Grant program, which fully covers in-state tuition and the Student Services Fee. When these charges increase, so does the amount of students' Cal Grant awards.

The relationship between tuition and both UC and State financial aid programs has been key to the University's ability to sustain access, affordability, and excellence over time. In past years, when precipitous declines in State support resulted in higher tuition rates, additional financial aid from the University's own aid program and the State's Cal Grant program not only offset those increases for most California resident undergraduates but also provided additional assistance to help students cover expenses such as housing, food, books, and supplies that also rose during the same period. More than 100,000 California undergraduates can expect their combined UC Grant and Cal Grant awards to increase by more than the proposed increase in student charges, resulting in additional support to help these students cover other cost increases.

DISPLAY 1: Projected Impact on Tuition/Fees and Financial Aid for California Resident Undergraduate UC Grant Recipients in Fall 2020 Entering Cohort



As shown in Display 1, the increased financial aid generated from the proposed adjustments to tuition and the Student Services Fee would result in lower *overall* costs for UC grant recipients. In 2020–21, entering students could expect to receive grant assistance that would be $692 higher than the amount they would have received had tuition and the Student Services Fee remained flat—or $86 more than the $606 increase in those charges. Over time, the net benefit would grow: by 2023–24, these students would receive an estimated $1,346 more in financial aid, or $740 more than the $606 increase in tuition and fees. The net benefit each year—$86 in 2020–21 growing to $740 in 2023–24—translates directly into a reduction in the amount that students would need to work or borrow to finance their education and would benefit UC grant recipients in every cohort, not just the entering class.

When moderate adjustments to tuition and the Student Services Fee occur annually, the cumulative impact of this additional financial aid can be significant. As shown in Display 2, the projected annual increases in student aid shown above would reduce a student's need to work and/or borrow to finance their education by a total of $1,560 over a four-year period.

DISPLAY 2: Cumulative Impact of Annual Increases to Financial Aid for Living Expenses for a California Resident Undergraduate Entering Fall 2020

	Year in School				Total 4-Year Impact
	Freshman	Sophomore	Junior	Senior	
Change in Tuition/SSF over 19-20	$606	$606	$606	$606	
Change in Financial Aid over 19-20	$692	$861	$1,085	$1,346	
Reduction in need to work or borrow in current year	($86)	($255)	($479)	($740)	($1,560)

In contrast, holding tuition and the Student Services Fee flat results in no new resources for financial aid. With no increase in financial aid, increases in other charges (housing, food, books and supplies, transportation, health insurance, etc.) are effectively passed along to students dollar-for-dollar, increasing their need to work and borrow. For 2020–21, these other charges are projected to increase by an average of $600 (combined) over current levels across the University.

The positive net impact of the proposal on UC affordability for California resident undergraduates applies to the roughly 100,000 resident undergraduates who currently receive need-based UC grants. For examples of how the proposal would affect the net cost for typical students at different income levels, see "Projected Impact on Net Cost of Attendance for Undergraduates" later in this document.

Note that the examples shown above assume that the University would continue to use incremental funding for financial aid as it has in the past to expect all California undergraduate students to contribute a similar level of resources from work and borrowing ("self-help") towards covering their total cost of education. The University could, however, decide to use a portion of new financial aid resources resulting from a tuition increase to provide more focused support to students who face exceptional financial challenges, e.g., students from families with very low incomes or former foster youth. Without additional financial aid resources, any such efforts would require shifting existing financial aid resources from some current aid recipients to others.

For nonresident undergraduate students, under the proposal, an amount equivalent to ten percent of the resulting increase to Nonresident Supplemental Tuition (NRST) would be set aside to provide financial aid to domestic nonresident and international undergraduate students with financial need. As a result, UC campuses will be better positioned to support nonresident undergraduates from lower- and middle-income families. The new resources for financial aid would be enough, for example, to fully cover the proposed increase for ten percent of all nonresident undergraduate students. This is slightly higher than the percentage of nonresident students who borrowed a student loan in 2017–18 (nine percent), which is one indicator of student financial need.

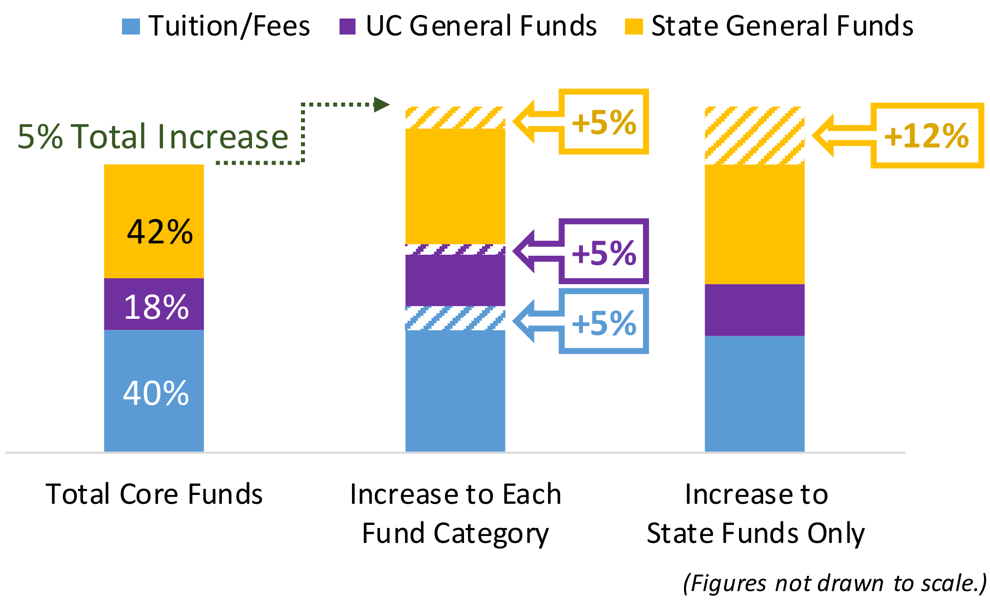
At the graduate level, additional funding would be available to programs and departments to provide whatever forms of student financial support are most appropriate in light of their enrollment goals and the students that they serve. For example, fellowship and assistantship support is particularly important to academic doctoral programs that compete against the very best public and private institutions worldwide to enroll the most talented students; new funding provided under the plan would enhance these programs' ability to craft desirable multi-year offers of support. Graduate programs in professional disciplines provide fellowships and grants to assist students from all socioeconomic backgrounds to obtain professional degrees, thereby enabling these students to make significant contributions to their respective fields. In addition to funding provided under the budget plan from mandatory systemwide charges, professional degree programs are also expected to supplement financial aid resources from Professional Degree Supplemental Tuition revenue.

TUITION AND THE UC OPERATING BUDGET

In addition to funding the University's financial aid programs, revenue from tuition and fees is a major component of the University's core funds, which are the primary source of support for the University's core academic activities and the services needed to perform them. Reliance on tuition and fee revenue to support UC programs and services has grown over time. In 1990–91, for example, State General Fund support represented 84 percent of the University's core funds budget with less than 13 percent derived from student tuition, fees, and Nonresident Supplemental Tuition (NRST). In 2019–20, State funds represent an estimated 42 percent of core funds, and revenue from tuition, fees, and NRST have increased to more than 50 percent. Similar trends can be seen at public institutions across the country as states were challenged to sustain support for higher education during economic downturns during this same period.

The shift in the composition of core funds has implications for the funding needed to cover annual increases in operating expenses that can be anticipated by any university. For example, when State funding represented the vast majority of core funds, a five percent increase in State support was nearly equivalent to a five percent increase in the University's entire core funds budget. Today, when State funding represents 42 percent of core funds, a five percent increase in State support provides only a 2.1 percent increase in total core funds. As illustrated in Display 3, other core fund categories—tuition and fees and UC General Funds (which includes NRST)—would also need to increase by five percent to achieve an overall five percent increase. Alternatively, if those other fund categories remain flat, an increase of 12 percent in State General Fund support would be required to achieve the same overall five percent increase in total core funds.

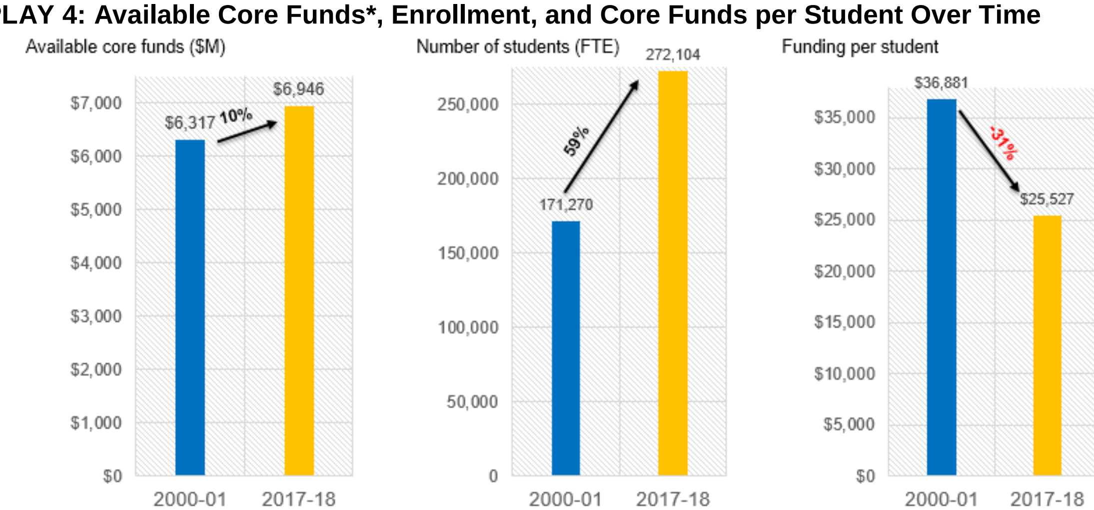
DISPLAY 3: Example: Achieving a Five Percent Increase in Total Core Funds



Core Funding Per Student Has Declined Over Time

Growth in available core funds has not kept pace with enrollment growth. As shown in Display 4 below, on a per student basis, core funding has declined by 31 percent since 2000–01. Campuses have made extraordinary efforts to identify cost savings opportunities in response to these funding constraints. In addition to the University's systemwide procurement efforts to leverage the size of the University's purchasing power to drive down costs, for example, individual campuses have taken many positive steps to improve operational efficiency.

DISPLAY 4: Available Core Funds*, Enrollment, and Core Funds per Student Over Time



*Core funds available after accounting for financial aid, debt service, retirement plan contributions, and inflation.

Campus efforts to reduce costs while maintaining or improving service levels include, but are not limited to, the following:

- Consolidating and standardizing information technology (IT), human resources, and/or other administrative services to eliminate redundancies and increase consistency in processes, procedures, and service levels across campus

- Expanding the use of online courses to increase instructional capacity where possible

- Creating self-supporting degree programs to meet student demand without relying on core funds

- Using innovative approaches to accommodate enrollment growth—for example, replacing dedicated computer labs with self-service laptop checkout kiosks (which allow users to easily borrow laptops) and satellite printing services to create more classroom space while maintaining access to computing resources

- Pursuing rapid payback projects (e.g., replacing traditional lighting with LEDs) to reduce energy consumption and utility costs

Even with these efforts, the reduction in available resources has negatively affected campuses' academic infrastructure and learning environments.

- Across the system, campuses have shifted their instructional models toward using lecturers instead of ladder-rank faculty, resulting in fewer opportunities for undergraduate students to interact with world-class researchers who can inspire and mentor the next generation of faculty, researchers, and innovators.

- Urgent deferred maintenance needs have caused campuses to redirect funds from other campus priorities, such as faculty hiring and student counseling.

- Campuses have delayed needed investments in their technology infrastructure and financial systems and, in some cases, are now using platforms that are no longer supported by the vendor, creating potential risks to data security and business processes.

- Although campuses have optimized the structure of IT services, they have been challenged to fund the required number of positions and to attract and retain the highly skilled staff needed to adequately support campus faculty, staff, and students.

- Campuses have been able to make needed progress in replacing instructional equipment, classroom modernization, and other areas that directly affect student learning.

Undesirable consequences of this decline in resources can be seen in several metrics directly related to the student experience, including a deterioration in the student-faculty ratio, larger class sizes, a substantial backlog of campus deferred maintenance needs, and a decline in the percentage of students who would, knowing what they know today, choose to attend the UC campus at which they enrolled.

In-state tuition at UC has remained flat for seven of the last eight years. Since 2011, UC tuition has increased by $222 and the Student Services Fee has increased by $156. Even when taking campus-based fees into account, the recent history of UC in-state tuition and fees stands in stark contrast to that of the University's four comparison public universities, as shown in Display 5.

DISPLAY 5: Change in In-State Tuition and Fees at UC and Public Comparison Institutions

	Tuition and Campus Fees*		Increase from 2011-12 to 2018-19		
University	2011-12	2018-19	Dollar	Percent	Avg. Annual Increase
Virginia	$11,532	$17,401	$5,869	50.9%	6.1%
Illinois	$13,576	$17,578	$4,002	29.5%	3.8%
Michigan	$14,201	$17,219	$3,018	21.3%	2.8%
SUNY Buffalo	$7,482	$10,099	$2,617	35.0%	4.4%
UC Average	$13,181	$13,956	$775	5.9%	0.8%

*At institutions that charge differential tuition or fees by program or student level, figures are averages based upon the distribution of students across programs and levels.

Moving towards a policy of predictable cohort-based tuition increases—in conjunction with predictable increases in State support—would provide much needed resources to UC campuses while also improving UC affordability for financially needy California undergraduates, as described above.

COHORT-BASED TUITION AT UC

Under a cohort-based tuition plan, an institution assigns a tuition and fee level to each incoming cohort of students and then keeps that level flat for that student cohort for a specified number of years. Several public institutions have adopted a cohort-based tuition model to mitigate the challenges posed by unpredictable annual tuition and fee levels.

A cohort-based tuition model could provide UC students and campuses with multiple benefits.

- *Improved affordability for undergraduates.* Under a successful cohort-based tuition model, tuition and fees would increase predictably from one incoming cohort of students to the next (but would remain flat for students in continuing cohorts). These predictable increases would generate commensurate increases in funding for the University's Student Aid Program (USAP) to help students cover other elements of the cost of attendance.

- *Even greater predictability for students and families.* Under a cohort approach, the University would seek to hold tuition and fee levels constant for each continuing student at the student's initial entering cohort rate. Compared to a uniform tuition model, this would provide even greater predictability to students and their families and allow them to develop multi-year financing plans.

- *Stabilized revenue streams and enhanced planning opportunities for campuses.* Cohort-based tuition would enable campuses to know, in advance, the projected tuition revenue from continuing students, which would greatly assist in campus planning efforts. If annual increases for incoming classes were pegged to a predictable index (e.g., changes in the California Consumer Price Index), campuses would have an even clearer picture of this revenue stream to inform their planning processes.

At their meeting on July 18, 2019, members of the Board expressed interest in exploring cohort tuition further as one of several possible approaches for assessing tuition and fees. President Napolitano convened a systemwide working group to develop recommendations for how a cohort tuition policy might be applied at UC and to evaluate cohort-based tuition alongside other tuition models. After reviewing cohort models adopted by other public universities and discussing the advantages and disadvantages of different policy elements, the working group's discussions focused on a cohort model with the following components:

- *Covered charges.* The group agreed that base tuition, the Student Services Fee, and Nonresident Supplemental Tuition are the most suitable charges to be assessed using a cohort-based model.

- *Student eligibility: residency.* The group recommended that a cohort-based approach be considered for both residents and nonresidents.

- *Student eligibility: level.* The group agreed that undergraduate students would benefit from the stability and predictability offered by cohort tuition. The group noted that, for a variety of reasons, cohort tuition is less appropriate for graduate students.

- *Duration of a cohort-based rate.* The working group recommended the University hold an entering cohort's tuition and fees flat for six years, with a streamlined appeals process for students who may need an extension. The group noted that there is little evidence to suggest that a four-year limit has improved graduation rates at other institutions, students already have a strong financial incentive to graduate quickly, and students may take longer than four years to graduate for any number of reasons, including some that the University would not want to discourage (e.g., seeking a double major) and others that are beyond a student's control (e.g., health problems). The group also noted that UC students who take more than four years to graduate are more likely than others to have entered UC with gaps in their academic preparation, which is often correlated with students' family income, first-generation status, and ethnicity.

These discussions informed the development of the cohort tuition proposal shown in Attachment 1, *Proposed Cohort-Based Adjustments to Student Charges*. Projected outcomes of a cohort-based tuition model at UC are described below. These projected outcomes are compared alongside those of a scenario in which tuition and fees remain flat.

Projected Impact on Net Cost of Attendance for Undergraduates

Display 6 (shown on the following page) depicts projected undergraduate self-help levels under the following scenarios: (a) holding tuition and the Student Services Fee flat over time, and (b) introducing a cohort-based approach for incoming classes with an increase of inflation plus two percent for the first incoming cohort, declining over time to inflation-based increases for later cohorts. (Projected inflation rates reflect annual changes to the California Consumer Price Index [CA CPI-U].)

Projections are shown for students at four parent income levels. For a student with a parent income of $20,000, the University expects no contribution from parents, so the amounts shown are only the student self-help contribution from work and borrowing. Self-help is highest if tuition remains flat (Scenario A), shown in orange. With no tuition increase, no new funding is available to help cover increases in students' other expenses, so students must cover the entirety of those cost increases themselves. Self-help is lower under the cohort model (Scenario B), shown in blue, 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.

For a family earning $60,000, the net cost is higher because this family has an expected parent contribution in addition to self-help, which is included in the net cost shown in the chart. The overall relationship between the two scenarios, however, is similar to the pattern for the family earning $20,000: holding tuition flat results in the highest net cost and the cohort model result in a lower net cost.

A similar pattern holds true for a family earning $90,000, since this family would also likely benefit from the higher financial aid generated under the cohort model.

For the family earning $120,000, a different pattern emerges. Net cost is lowest under Scenario A, where tuition stays flat. This family would receive partial tuition coverage under the State's Middle Class Scholarship program (which serves eligible families with incomes up to $177,000 in 2020-21), but it would be expected to cover a portion of the tuition increase under any of the other scenarios, resulting in a higher net cost. The same general pattern is true for higher-income families: holding tuition flat provides the greatest advantage to these families, who also have the greatest financial resources.

The examples shown above are for typical families at income levels shown. In practice, however, a student's financial aid package reflects a more nuanced assessment of family resources that could result in a higher or lower net cost than the amounts shown. For example:

- Although Display 6 suggests that families earning $120,000 or more would generally have a lower net cost if tuition were held flat, in fact, nearly 40 percent of California families with incomes between $124,000 and $155,000 qualified for an average of $7,830 in need-based grants last year. These families could expect to benefit from the proposed tuition and fee adjustments.

- A family with more than one child in college at the same time will qualify for substantially higher amounts of need-based aid compared to a family with only one child in college. For example, a family earning $150,000 with one child in college would typically not qualify for need-based UC grant. If the family had two children in college at the same time, however, the family could expect to receive nearly $10,000 in need-based UC grant for each child enrolled at UC. This family, too, would benefit from the proposed tuition and fee adjustments.

DISPLAY 6: Comparison of Net Cost of Attendance by Income Level

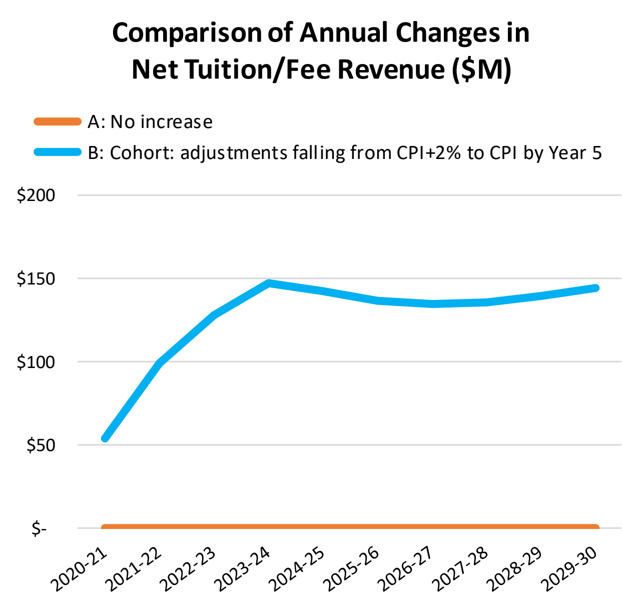
Projected Impact on Net Revenue Generated for the Operating Budget

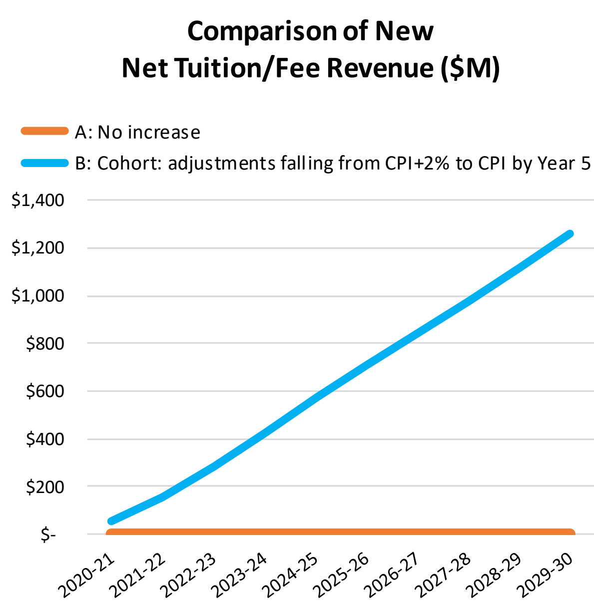
Display 7, below, compares Scenarios A and B in terms of the revenue, net of financial aid, that they would generate for campus operating budgets. (Figures exclude new tuition revenue attributable to enrollment growth in order to isolate the impact of the tuition plan.)

The chart on the left shows the year-over-year changes in net revenue. The orange line results from Scenario A, the approach that holds tuition, the Student Services Fee, and NRST flat over time. In Scenario A, net revenue stays flat in nominal dollars; as a result, its purchasing power to support faculty and staff, replace instructional equipment, maintain student services, and cover other costs actually declines year after year. Under Scenario B, shown in blue, undergraduate tuition and fee adjustments would only apply to incoming cohorts of students and not to continuing students. Revenue would grow as additional new student cohorts enrolled over time.

The chart on the right compares the total new tuition revenue that campuses could expect each year under both scenarios. With no tuition increases under Scenario A, the *annual* shortfall compared to cohort-based tuition adjustments under Scenario B would grow to more than $1.2 billion by 2029 (shown by the gap between the orange line and Scenario B, the blue line).

DISPLAY 7: Comparison of Net Revenue





Total projected new revenue generated under the plan—including the additional funding provided for the University's financial aid programs—is shown in Display 8 below on an annual basis and compared to current 2019-20 levels.

DISPLAY 8: Projected New Revenue from Proposed Tuition Plan

All figures in millions of dollars

	Increase from Prior Year					Increase from 19-20				
	20-21	21-22	22-23	23-24	24-25	20-21	21-22	22-23	23-24	24-25
Gross Revenue										
Tuition	54	95	121	138	135	54	149	271	409	544
Student Services Fee	5	9	11	12	12	5	14	25	37	49
Subtotal	*59*	*104*	*132*	*150*	*146*	*59*	*163*	*296*	*446*	*592*
Nonresident Supp. Tuition	17	34	45	51	49	17	51	96	148	197
Total	*76*	*138*	*177*	*202*	*195*	*76*	*215*	*392*	*594*	*789*
Return-to-Aid										
Tuition	20	34	42	48	47	20	53	96	143	190
Student Services Fee	2	3	4	4	4	2	5	9	13	17
Subtotal	*21*	*37*	*46*	*52*	*51*	*21*	*58*	*104*	*157*	*207*
Nonresident Supp. Tuition	2	3	5	5	5	2	5	10	15	20
Total	*23*	*40*	*51*	*57*	*56*	*23*	*63*	*114*	*171*	*227*
Revenue Net of Return-to-Aid										
Tuition	34	62	79	90	88	34	96	175	265	353
Student Services Fee	3	6	7	8	8	3	9	16	24	32
Subtotal	*38*	*67*	*86*	*98*	*95*	*38*	*105*	*191*	*290*	*385*
Nonresident Supp. Tuition	16	31	41	46	44	16	46	87	133	177
Total	*53*	*98*	*127*	*144*	*140*	*53*	*151*	*278*	*422*	*562*

Financial Resiliency

Any tuition strategy that seeks to provide stable and predictable tuition levels to current and future students would be challenged by a sudden, significant shortfall in State support. A sufficiently large shortfall would likely require difficult decisions by the Regents.

Some public institutions that had implemented cohort-based tuition before 2007 ultimately reverted to a standard, uniform tuition model in the wake of the Great Recession when unprecedented declines in State support rendered the programs unsustainable. It is important to note, however, that these institutions were typically in states that had a much smaller "rainy day fund" in 2007 than California has today. As shown in Display 9, California is projected to have over $20 billion in its rainy day fund (and similar reserves) as of 2020–21, equivalent to 13.4 percent of its projected State General Fund expenditures. As a result, California will likely be in a better position to withstand an economic downturn in 2021 compared to these other states prior to the Great Recession.

DISPLAY 9: Rainy Day Fund* Balances at States that Discontinued Cohort Tuition and California

	State	Fiscal Year	Rainy Day Fund Balance ($B)	Total State General Fund Expenditures ($B)	Rainy Day Fund as Percentage of State Expenditures
States with public institutions that discontinued cohort tuition	Georgia	2007	$1.5	$19.1	8.1%
	Kansas	2007	$0.0	$5.6	0.0%
	Michigan	2007	$0.0	$5.6	0.0%
	Oregon	2007	$0.0	$9.0	0.0%
State of California		2007	$3.0	$101.4	3.0%
		2021	$20.5	$153.1	13.4%

*Includes each state's budget stabilization fund and similar reserves.

Additional Information

Additional information about the tuition and fee rates that would result from the cohort-based tuition model, why additional resources are needed, and the projected impact of the proposal on student financial aid is provided in Attachment 5, *Supplemental Information for Tuition and Fee Proposal.*

SUMMARY

Compared to continuing to hold tuition and fees flat, a cohort-based model for adjusting tuition and fees would have a positive outcome of enhanced affordability for low- and middle-income families and would provide campuses with much-needed resources to sustain core operations and make the high-priority investments in student success endorsed by the Regents in November.

The University is bringing a specific proposal to the Regents for possible approval now so that, as campuses begin extending offers of admission for the fall 2020 term, prospective UC students can make informed enrollment decisions; continuing students can know what level of tuition and fees to expect; and campuses can prepare to provide the educational opportunities, academic support, financial aid, and student services needed to sustain the University's unparalleled track record of access, affordability, and academic excellence.

Attachments:

1. Proposed Cohort-Based Adjustments to Student Charges
2. Alternative Uniform Adjustments to Student Charges
3. Projection of Required and Available Resources
4. Projection of Required Resources from Core Funds: Detail
5. Supplemental Information for Tuition and Fee Proposal