F10

Office of the President

TO MEMBERS OF THE COMMITTEE ON FINANCE:

ACTION ITEM

For Meeting of November 18, 2010

APPROVAL OF 2011-12 STUDENT FEES AND EXPANSION OF THE BLUE AND GOLD OPPORTUNITY PLAN

EXECUTIVE SUMMARY

Actions: Approve increases of 8 percent for all students, effective summer 2011, in mandatory systemwide fees, consisting of the Educational Fee and the Student Services Fee.

If the State is able to provide the funding requested by UC for 2011-12, as well as funding in excess of the request to help fill the total budget shortfall, the fee increases as proposed for the November 2010 meeting would be reviewed and a subsequent action to revise fee levels would be brought to the Board.

Approve adjustment of all Educational Fee levels for 2011-12 to the level charged to California resident undergraduate and graduate academic students. These changes would be accompanied by adjustments to nonresident tuition and professional degree fee levels for 2011-12 such that the changes are cost-neutral to students and revenue-neutral to campuses.

Endorse expansion of the Blue and Gold Opportunity Plan for 2011-12, under which the University will provide that financially needy California undergraduates with total family income under $80,000 will have systemwide fees covered (up to the students' need) by scholarship or grant awards.

Endorse the use of return-to-aid funds to assist middle-income families by covering 100 percent of the 2011-12 fee increase for financially needy undergraduates from families earning less than $120,000.

Previous Action: In November 2009, the Regents approved a mid-year increase of 15 percent in mandatory systemwide fees for undergraduate and graduate professional students and 2.6 percent for graduate academic students, effective for winter quarter/spring semester 2010.

In November 2009, the Regents also approved an increase of 15 percent in mandatory systemwide fees for all students for 2010-11.

Issues: A total of $637.1 million was cut from the UC budget in 2009-10, representing a 20 percent reduction in State General Fund dollars. The State funds provided in 2010-11 amount to a little more than half of the base budget cut the University faced in 2009-10. Campuses must also address increases in mandatory costs in 2011-12 totaling at least $200 million.

RECOMMENDATION

The President recommends that the Committee on Finance recommend to the Regents the following actions on student fees for 2011-12:

A. For 2011-12, effective summer 2011, approve the mandatory systemwide fees shown in Display 1. Of the revenue generated from the increases in the Educational Fee and Student Services Fee from undergraduates, an amount equivalent to 33 percent shall be set aside to mitigate the impact of the fee increases on financially needy undergraduate students. Of the revenue generated from the increases in the Educational Fee and Student Services Fee from graduate academic students, 50 percent shall be set aside to provide additional funds for student financial support; and 33 percent of the revenue generated from the increases in the Educational Fee and Student Services Fee from students subjected to professional fees shall be set aside for financial aid. These fee levels will generate revenue needed to maintain the quality of the academic program, as well as to help address funding shortfalls that have occurred because of reductions in State funding and unfunded mandatory cost increases. If the State is able to provide the funding requested by UC for 2011-12, as well as funding in excess of the request to help fill the total budget shortfall, the fee increases as proposed for the November 2010 meeting would be reviewed and a subsequent action to revise fee levels would be brought to the Board.

B. For 2011-12, effective fall 2011, approve adjustments in Nonresident Tuition for nonresident undergraduate students and nonresident graduate academic students as shown in Display 1.

C. Effective fall 2011, endorse the President’s decision to expand the Blue and Gold Opportunity Plan to provide that financially needy California undergraduates with total family income under $80,000 and enrolled in their first four years (two years for transfer students) will have systemwide fees covered, up to the students’ need, by scholarship or grant awards.

D. Effective fall 2011, endorse the President's decision to use return-to-aid funds described above to assist middle-income families by covering 100 percent of the 2011-12 fee increase for financially needy undergraduates from families earning less than $120,000.

DISPLAY 1: Proposed 2011-12 Fee Levels

	2010-11 Fee Levels	Proposed Adjustment[1]	Adjusted Fee Levels[2]	2011-12 Proposed Increase $	%	Proposed 2011-12 Fee Levels
Educational Fee[3]						
Undergraduate						
Resident	$9,402	$0	$9,402	$750	8.0%	$10,152
Nonresident	$10,260	($858)	$9,402	$750	8.0%	$10,152
Graduate Academic						
Resident	$9,402	$0	$9,402	$750	8.0%	$10,152
Nonresident	$9,810	($408)	$9,402	$750	8.0%	$10,152
Graduate Professional[4]						
Group 1						
Resident/Nonresident	$9,312	$90	$9,402	$750	8.0%	$10,152
Group 2						
Resident	$10,650	($1,248)	$9,402	$750	8.0%	$10,152
Nonresident	$11,106	($1,704)	$9,402	$750	8.0%	$10,152
Group 3						
Resident	$9,402	$0	$9,402	$750	8.0%	$10,152
Nonresident	$9,810	($408)	$9,402	$750	8.0%	$10,152
Student Services Fee						
All Students	$900	$0	$900	$72	8.0%	$972
Nonresident Tuition						
Undergraduate	$22,021	$857	$22,878	$0	0.0%	$22,878
Graduate Academic	$14,694	$408	$15,102	$0	0.0%	$15,102
Graduate Professional	$12,245	$0	$12,245	$0	0.0%	$12,245

[1] Over the course of 13 years and through a series of State and UC actions, the Educational Fee has evolved from a single amount charged to all students to six different amounts charged depending on student level, residency, and program of study. For 2011-12, the Office of the President proposes eliminating Educational Fee differentials that currently exist across student levels and programs. These changes would be accompanied by adjustments to nonresident tuition levels (as shown in this display) and professional degree fee levels such that the changes are cost-neutral to students and revenue-neutral to campuses.

[2] For calculation purposes only. During 2010-11, students are being charged the fee levels in the first column of the table.

[3] Includes $60 surcharge to cover costs associated with the injunction and judgment of the *Kashmiri* lawsuit.

[4] Professional students in these programs also pay a professional degree fee that varies by campus and program. In 2010-11, these fees range from $4,000 to $31,355. Proposed fee increases for 2011-12 range from 0 percent to 31 percent and are presented in the November 2010 Regents' item *Approval of 2011-12 Professional Degree Fees.*

- Group 1 includes students in Business; Dentistry; Law; Medicine; Nursing; Optometry; Pharmacy; Theater, Film and Television; and Veterinary Medicine professional degree programs.
- Group 2 includes students in International Relations and Pacific Studies, Physical Therapy, Preventive Veterinary Medicine, Public Health, and Public Policy professional degree programs.
- Group 3 includes students in Architecture, Environmental Design, Information Management, Social Welfare, and Urban Planning professional degree programs.

Display 1 above reflects increases in mandatory systemwide fees only. Estimated total charges for resident students for 2011-12 are shown in Display 3 below.

BACKGROUND

As discussed at the Regents' September 2010 meeting, actions at the State level in July 2009 dramatically reduced State support of the University's core operations for 2008-09 and 2009-10. Federal economic stimulus funds were provided on a one-time basis to help offset the reduction in State funds, but the University was left with a net reduction in State funding of $637.1 million – about 20 percent of State support – for 2009-10. This reduction in support was compounded by cost increases related to enrollment growth that had not been funded by the State, academic merit salary increases, employee and retiree health benefit cost increases, the restart of employer and employee contributions to the UC Retirement Plan (UCRP), and other costs. The University estimated its overall budget gap to total more than $1.2 billion.

The Regents took initial steps in July 2009 to address the State reduction by implementing a temporary salary reduction/furlough plan and restructuring debt. These provided only temporary relief, but afforded campuses the time to plan for more permanent budget cuts. Fee increases were also implemented: 7 percent for 2008-09, another 9 percent for the 2009-10 academic year, a mid-year increase of 15 percent effective January, 2010, and an additional 15 percent fee increase for the 2010-11 academic year.

Despite these actions, UC campuses were left with significant budget shortfalls. At the July 2009 Regents meeting, the Chancellors described the initial projections of the impact that the funding shortfalls would have on their respective campuses, including extensive lay-offs, cancellation of classes, deferrals of faculty hiring, elimination of programs, and curtailment of campus services. Over the ensuing year, it became more apparent that the breadth and depth of these fiscal challenges threatened the basic quality of the education being provided to our students.

For 2010-11, Governor Schwarzenegger placed a high priority on investing in higher education, which is reflected in the final State budget with partial restoration of earlier cuts and new funding for enrollment. The final 2010-11 budget restores $305 million to the University's budget, although $106 million of this is in one-time ARRA funds. The final budget also includes $51.3 million to address UC's unfunded enrollment and $14.1 million for the increase in health care costs for UC's retired annuitants. The State funds provided in 2010-11 amount to a little more than half of the base budget cut the University faced in 2009-10.

In addition to the continuation of mandatory cost increases occurring over the last several years, the University will face increases in mandatory costs in 2011-12 totaling at least $200 million related to contributions to the UC Retirement Plan, merit increases for academic employees, general range and merit increases for other employees, health benefit cost increases for both employees and retirees, and other non-salary cost increases. The University also faces a continuing challenge associated with the lack of funding for a large number of students enrolled during the fiscal crisis.

Item F9 before the Board at the November meeting presents the University's budget plan for 2011-12. The plan was developed within the context of a continuing State budget crisis and enduring fiscal challenges for the University. The plan makes a request for much-needed State funding to address only the University's highest priorities, including restoration of one-year and two-year State budget cuts, resumption of State contributions to the University's retirement plan, retiree health benefits, unfunded enrollment, and other health science initiatives to help meet state workforce needs. This request totals $596.1 million. In addition, the University identifies other needs, such as compensation increases associated with collective bargaining agreements, salary increases for non-represented employees, and academic merit increases, as well as other mandatory cost increases the University will face in 2011-12. The total expenditure plan from all core fund sources is estimated to be $834.6 million.

Recognizing that this amount of funding will be difficult to achieve in the current fiscal crisis, it is critical that the University continue to seek a balanced approach to budgeting for the coming year. In light of the above, the President and the Chancellors believe that fee increases are necessary to support the core-funded operations of the budget and financial aid to maintain affordability for students and their families during the State's fiscal crisis. These actions are being requested at this time in order to provide continuing and prospective students with advance notice of fee levels for 2011-12 and enable faculty and campus leadership to plan accordingly. By restoring funds cut from the University's base budget, the State funding requested in the budget plan would only partially backfill the University's current budget gap – in other words, student fee increases would still be needed to help fund mandatory, but unfunded, cost increases. If the State is able to provide not only the funding requested but also funding in excess of this request to help fill the total budget shortfall, the fee increases approved at the November meeting would be reviewed and a subsequent action to revise fee levels would be brought to the Board. However, if the State is unable to provide sufficient funding augmentations to support the University's most essential cost increases in 2011-12, further fee increases may need to be considered later in the budget cycle.

Proposed Mandatory Systemwide Student Fee Increases and Use of Funds

Within this context, it is proposed that the Regents approve increases of 8 percent for all students, effective summer 2011, in mandatory systemwide fees, consisting of the Educational Fee and the Student Services Fee.

The 2011-12 increase in the Educational Fee would generate approximately $163.8 million in 2011-12. Consistent with current practice, 33 percent of the revenue generated from the increases for undergraduate students would be set aside to mitigate the impact of the fee increases on financially needy undergraduate students. Of the revenue generated from the graduate academic student increases, 50 percent would be set aside to provide additional funds for student financial support; and 33 percent of the revenue generated from the increases from students subjected to professional fees would be set aside for financial aid. Of the $163.8 million generated in 2011-12 from increases in the Educational Fee, approximately $58.1 million would be set aside for financial aid; the rest would be used to support the core-funded operations of the University's budget.

The 2011-12 increase in the Student Services Fee would generate approximately $15.7 million in

2011-12. Of that amount, approximately $5.6 million would be set aside for financial aid; the rest would be used to support cost increases for Student Services Fee-funded programs. This is the first time that an increase in the Student Services Fee includes a return-to-aid component, per changes to the *University of California Student Fee Policy* suggested by the Registration Fee Task Force and approved by the Regents in May 2010. Consistent with the May 2010 policy updates, 33 percent of the revenue generated from the increases for undergraduate students would be set aside to mitigate the impact of the fee increases on financially needy undergraduate students. Of the revenue generated from the graduate academic student increases, 50 percent would be set aside to provide additional funds for student financial support; and 33 percent of the revenue generated from the increases from students subjected to professional fees would be set aside for financial aid.

DISPLAY 2: 2011-12 Fee Increases and Expected Use of Revenue

	Expected Revenue	Expected Revenue Uses
Educational Fee	▪ $163.8 million	Revenue would help support the core-funded operations of the University's budget. $58.1 million would be set aside for financial aid.
Student Services Fee	▪ $15.7 million	Revenue would help support cost increases for Student Services Fee-funded programs. $5.6 million would be set aside for financial aid.

Elimination of Differential Educational Fee Levels. Over the course of 13 years and through a series of State and UC actions, the Educational Fee has evolved from a single amount charged to all students to six different amounts charged depending on student level, residency, and program of study. These Educational Fee differentials are unnecessary because nonresident tuition and professional differential fees exist explicitly for the purposes of charging differential fee amounts to nonresident and professional degree students. In addition, the Educational Fee differentials complicate UC's communications with students, their families, and the general public about fee levels and fee increases, as well as inhibit transparency for UC websites and publications.

To improve transparency and facilitate communication about fee levels, the Office of the President proposes adjusting all Educational Fee levels for 2011-12 to the level charged to California resident undergraduate and graduate academic students. These changes would be accompanied by adjustments to nonresident tuition and professional degree fee levels for 2011-12 such that the changes are cost-neutral to students and revenue-neutral to campuses. The adjustments to nonresident tuition levels are reflected in Display 1 in this item.

Nonresident Tuition. For 2011-12, it is proposed that nonresident tuition be adjusted by incremental amounts to make up for reductions in the Educational Fee for nonresident students prior to calculation of the 2011-12 fee increases, as shown in Display 1. In 2011-12, nonresident tuition for undergraduates would increase by $857, from $22,021 to $22,878; nonresident tuition for graduate academic students would increase by $408, from $14,694 to $15,102. These increases in nonresident tuition are cost-neutral to students due to adjustments made to the Educational Fee – a $858 decrease for undergraduates and a $408 decrease for graduates – prior to the calculation of Educational Fee increases for 2011-12. Nonresident students will experience dollar increases in total charges equivalent to those of resident students ($822).

For 2011-12, nonresident tuition for graduate professional students would remain at $12,245. As professional differential fees exist explicitly for the purpose of charging differential fee amounts to professional degree students, any reductions in the Educational Fee for these students prior to the calculation of the 2011-12 fee increases will be made up by increases in professional degree fees.

Professional Degree Fees. Proposed increases in professional degree fees are presented for the Regents' approval, along with information from professional programs' three-year plans, in the November 2010 Regents' item *Approval of 2011-12 Professional Degree Fees*. Increases in professional degree fees for 2011-12 range from 0 percent to 31 percent.

Fee Name Changes. At the Board's November 2010 meeting, the Regents are also being asked to approve the renaming of several student charges as "tuition," reflecting the now longstanding use of the revenue for the University's basic operations. The Regents' item *Amendment of the University of California Student Fee Policy and Policy on Fees for Selected Professional School Students* proposes changing the name of the Educational Fee to "Tuition," the name of Fees for Selected Professional School Students to "Professional Degree Supplemental Tuition," and the name of Nonresident Tuition to "Nonresident Supplemental Tuition."

Total Charges for Resident Students

In addition to mandatory systemwide fees, students pay campus-based fees. These primarily consist of fees levied through student votes to support specific programs of interest to the students, as well as life-safety fees proposed by Chancellors and approved by the Regents. Display 3 shows estimated total charges for resident students for 2011-12, reflecting a weighted systemwide average for campus-based fees. Not included are individual Course Materials and Services Fees (which vary widely by campus and by discipline) and health insurance fees that all students pay if they are unable to demonstrate health coverage from another source.

DISPLAY 3: 2011-12 Estimated Total Charges for Resident Students

	2010-11 Fee Levels	Proposed Adjustment[1]	Adjusted Fee Levels[2]	2011-12 Proposed Increase $	2011-12 Proposed Increase %	Proposed 2011-12 Fee Levels
Undergraduate						
Educational Fee[3]	$9,402	$0	$9,402	$750	8.0%	$10,152
Student Services Fee	$900	$0	$900	$72	8.0%	$972
Campus-based Fees[4]	$977	$0	$977	$49	5.0%	$1,026
Total	$11,279	$0	$11,279	$871		$12,150
Graduate Academic						
Educational Fee[3]	$9,402	$0	$9,402	$750	8.0%	$10,152
Student Services Fee	$900	$0	$900	$72	8.0%	$972
Campus-based Fees[4]	$602	$0	$602	$30	5.0%	$632
Total	$10,904	$0	$10,904	$852		$11,756
Graduate Professional[5]						
Group 1						
Educational Fee[3]	$9,312	$90	$9,402	$750	8.0%	$10,152
Student Services Fee	$900	$0	$900	$72	8.0%	$972
Campus-based Fees[4]	$602	$0	$602	$30	5.0%	$632
Total	$10,814	90	$10,904	$852		$11,756
Group 2						
Educational Fee[3]	$10,650	($1,248)	$9,402	$750	8.0%	$10,152
Student Services Fee	$900	$0	$900	$72	8.0%	$972
Campus-based Fees[4]	$602	$0	$602	$30	5.0%	$632
Total	$12,152	($1,248)	$10,904	$852		$11,756
Group 3						
Educational Fee[3]	$9,402	$0	$9,402	$750	8.0%	$10,152
Student Services Fee	$900	$0	$900	$72	8.0%	$972
Campus-based Fees[4]	$602	$0	$602	$30	5.0%	$632
Total	$10,904	$0	$10,904	$852		$11,756

1 Over the course of 13 years and through a series of State and UC actions, the Educational Fee has evolved from a single amount charged to all students to six different amounts charged depending on student level, residency, and program of study. For 2011-12, the Office of the President proposes eliminating Educational Fee differentials that currently exist across student levels and programs. These changes would be accompanied by adjustments to nonresident tuition levels and professional degree fee levels such that the changes are cost-neutral to students and revenue-neutral to campuses.

2 For calculation purposes only. During 2010-11, students are being charged the fee levels in the first column of the table.

3 Includes $60 surcharge to cover costs associated with the injunction and judgment of the *Kashmiri* lawsuit.

4 Reflects projected increases in campus-based fees for 2011-12.

5 Professional students in these programs also pay a professional degree fee that varies by campus and program. In 2010-11, these fees range from $4,000 to $31,355. Proposed fee increases for 2011-12 range from 0 percent to 31 percent and are presented in the November 2010 Regents' item *Approval of 2011-12 Professional Degree Fees.*

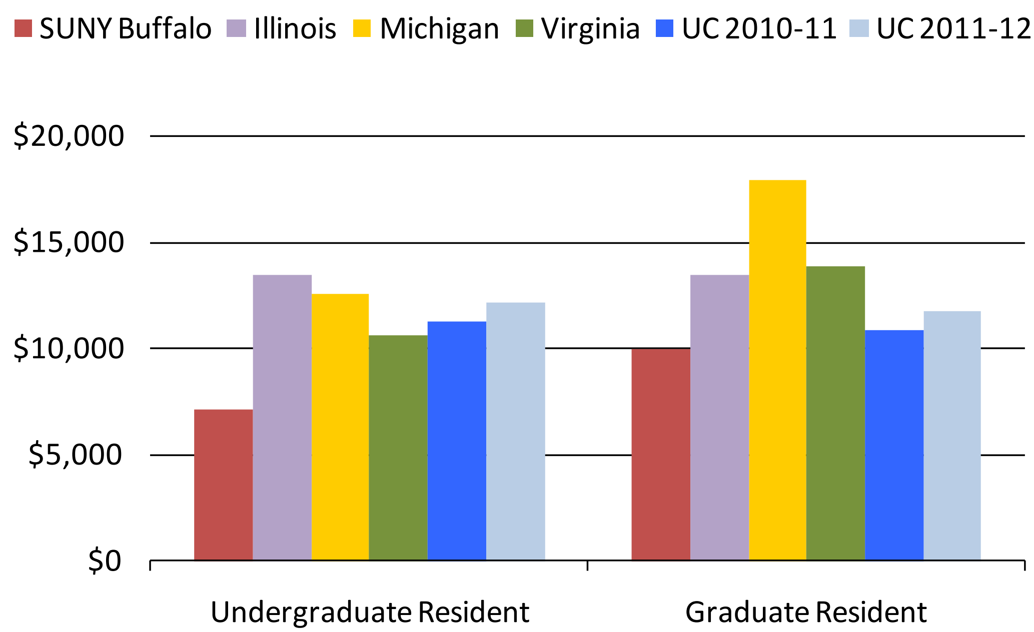
- Group 1 includes students in Business; Dentistry; Law; Medicine; Nursing; Optometry; Pharmacy; Theater, Film and Television; and Veterinary Medicine professional degree programs.
- Group 2 includes students in International Relations and Pacific Studies, Physical Therapy, Preventive Veterinary Medicine, Public Health, and Public Policy professional degree programs.
- Group 3 includes students in Architecture, Environmental Design, Information Management, Social Welfare, and Urban Planning professional degree programs.

Fees at Public Comparison Institutions

When comparing UC's fees to those at other institutions, total charges (including campus-based fees) must be used to reflect the comparison accurately. As shown in Displays 4 and 5:

- UC's average fees for resident undergraduate students remain below total tuition and fees charged by two of its four comparison institutions (Illinois and Michigan) in 2010-11.
- UC's average fees for resident graduate academic students remain below total tuition and fees charged by three of its four comparison institutions in 2010-11.
- For nonresident undergraduates, UC's fees are below one of the four comparators (Michigan).
- For nonresident graduate academic students, UC's fees are below two of the four comparators (Illinois and Michigan).

DISPLAY 4: 2010-11 UC and Public Comparison Institution Fees



DISPLAY 5: 2010-11 University of California and Public Comparison Fees

	Undergraduate		Graduate	
	Resident	Nonresident	Resident	Nonresident
Public Comparison Institutions				
SUNY Buffalo	$7,136	$15,546	$9,978	$15,388
Illinois	$13,508	$27,650	$13,498	$26,764
Michigan	$12,590	$37,265	$17,973	$36,133
Virginia	$10,628	$33,574	$13,870	$23,866
UC	**$11,279**	**$34,158**	**$10,904**	**$26,006**

Note: Comparison institution figures include tuition and required fees as reported by the Association of American Universities Data Exchange (AAUDE). UC figures include mandatory systemwide fees and campus-based fees, and nonresident tuition for nonresident students. UC figures do not include waivable health insurance fees of $1,048 for undergraduates and $2,031 for graduates.

In addition, Display 4 shows that if an 8 percent increase in UC's fees were approved for 2011-12, UC's relative position among its public comparison institutions would not change – even if the comparators do not raise their fees during 2011-12.

Assuming a 5 percent increase in comparison institutions' tuition and fee levels (reflected in Display 6 below), UC's fee increases as proposed for 2011-12 would mean that UC's fees for resident undergraduate students would remain below two of the four comparators, as shown in Display 6. UC's fees for resident graduate students would remain below three of the four comparators. (Note that the projection of a 5 percent increase in comparison institutions' tuition and fee levels for 2010-11 may be artificially low.)

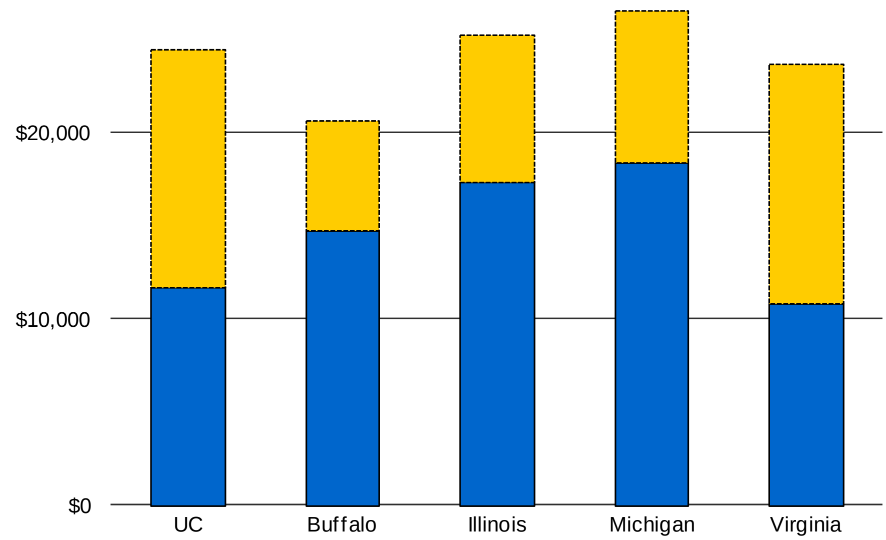
DISPLAY 6: Projected 2011-12 University of California and Public Comparison Fees

	Undergraduate		Graduate	
	Resident	Nonresident	Resident	Nonresident
Public Comparison Institutions				
SUNY Buffalo	$7,493	$16,323	$10,477	$16,157
Illinois	$14,183	$29,033	$14,173	$28,102
Michigan	$13,220	$39,128	$18,872	$37,940
Virginia	$11,159	$35,253	$14,564	$25,059
UC + Proposed Increases	**$12,150**	**$35,028**	**$11,756**	**$26,858**

Note: Comparison institution figures include tuition and required fees as reported by the Association of American Universities Data Exchange (AAUDE). UC figures include mandatory systemwide fees and campus-based fees, and nonresident tuition for nonresident students. UC figures do not include waivable health insurance fees for undergraduates or graduates.

Fees represent only a portion of the total costs that students must cover, however. Display 7 depicts the average total cost of attendance – including fees, housing, books and supplies, health insurance, and other costs – for undergraduates at UC and its four public comparison institutions. In 2009-10, UC's average total cost of attendance (before financial aid) represented the midpoint among these institutions. However, gift aid (grants and scholarships) significantly reduced costs for financially needy students. As shown in Display 7, after taking gift aid into account, UC's average net cost for need-based aid recipients in 2009-10 was below the estimated net cost of three of the four comparison institutions. Comparison institution figures for total cost of attendance or net cost for need-based aid recipients in 2010-11 and 2011-12 are unknown at this time.

DISPLAY 7: 2009-10 Average Total Cost of Attendance for Undergraduate Need-Based Aid Recipients



	UC	Buffalo	Illinois	Michigan	Virginia
Total Cost	$24,422	$20,613	$25,184	$26,513	$23,637
Gift Aid	$12,789	$5,935	$7,912	$8,186	$12,813
Net Cost	$11,633	$14,678	$17,272	$18,327	$10,824

Financial Aid

UC intends to maintain its commitment to assisting financially needy low- and middle-income students through its strong institutional financial aid program, which includes the Blue and Gold Opportunity Plan. Furthermore, UC will work with the State to ensure that the Cal Grant Program continues to cover mandatory systemwide fees for eligible UC students. In recent years, the University has set aside 33 percent of new fee revenue generated from fee increases for undergraduate and graduate professional students for financial aid. For graduate academic students, the University sets aside 50 percent of new fee revenue for financial aid.

Financial aid for UC students was enhanced in several ways in 2009-10 and 2010-11. These financial aid program enhancements included the initiation and expansion of the Blue and Gold Opportunity Plan, augmentations to the State Cal Grant program, an influx of new resources for the Pell Grant program, and expansion of the federal higher education tax credit. Combined with UC's own return-to-aid funding, these program enhancements provide support that generally cover the systemwide fee increases for 2010-11 for Cal Grant and UC Grant recipients, and provide some coverage of other cost increases as well. In addition, the University is using these funds to mitigate the impact of higher fees on financially needy middle-income students who would not otherwise be eligible for grant assistance; the University is covering one-half of the 2010-11 fee increase for these students. UC increased eligibility for this coverage to include financially needy students from families with incomes up to $120,000 in 2010-11 (previously capped at $100,000).

For 2011-12, the University plans to raise the income cap on the Blue and Gold Opportunity Plan from $70,000 to $80,000, thereby ensuring full coverage of mandatory systemwide fees for eligible resident undergraduates with family incomes up to $80,000 (up to the students' need). As a result of this program expansion, the number of students eligible for the Blue and Gold Opportunity Plan is expected to increase from 60,000 undergraduates in 2010-11 to 64,600 in 2011-12. This financial aid initiative, which was introduced in 2009-10, currently helps ensure that UC fee charges do not deter the half of California households with incomes below $70,000 from aspiring to a UC education.

In 2011-12, the University plans to continue to augment its student aid programs with a return-to-aid of 33 percent for new undergraduate fee revenue. These funds, together with Cal Grant award increases, will provide additional support that will generally cover the systemwide fee increases for UC's grant-eligible undergraduates and provide some coverage of other cost increases. The University will also use these funds to assist middle-income families by covering 100 percent of the 2011-12 fee increase for financially needy undergraduates from families earning less than $120,000.

In addition to the increased financial aid resources noted above, in 2011-12 the University will continue its ambitious effort to raise $1 billion for student support over the next four years from private sources. This effort would double the amount of private support the system raised for scholarships, fellowships and other gift aid in the five years prior to the initiation of this fundraising effort. The effort recognizes the need to focus fundraising efforts more sharply on student support.