

UNIVERSITY OF CALIFORNIA



OFFICE OF THE PROVOST AND EXECUTIVE VICE PRESIDENT --
ACADEMIC AFFAIRS

OFFICE OF THE PRESIDENT
1111 Franklin Street
Oakland, California 94607-5200

August 25, 2010

ACADEMIC SENATE CHAIR POWELL

Dear Harry,

I am writing to request input from the Academic Senate on the attached proposal to rename certain University of California "fees" as "tuition." The proposal is consistent with a recommendation submitted by the Access and Accountability Working Group to the University of California Commission on the Future. The proposal describes the underlying rationale for the name change, the challenges that would be associated with its implementation, and the consultative process that we are pursuing.

Our goal is to present the proposal as an action item for The Regents when the board meets in November. To that end, I would appreciate receiving feedback from the Academic Senate by Friday, October 22.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lawrence H. Pitts".

Lawrence H. Pitts
Provost and Executive Vice President,
Academic Affairs

Attachment

cc: Executive Vice President Brostrom
Vice President Sakaki

“Fees” and “Tuition” at the University of California¹

Recommendation:

- To accurately describe the University of California’s charges used for instructional purposes and make them more easily understood by the general public, Budget and Capital Resources (BCR) recommends that student charges be renamed at the November 2010 Regents’ Meeting as follows:
 - The “Educational Fee” will be renamed “Tuition”;
 - “Fees for Selected Professional School Students” will be renamed “Professional Supplemental Tuition”; and
 - “Nonresident Tuition” will be renamed “Nonresident Supplemental Tuition.”
- The Office of General Counsel has identified no legal prohibition on UC charging “tuition” instead of “fees.” (See “Legal Perspective” section below.)
- The Student Services Fee, formerly the Registration Fee, would remain a separate charge and would not be renamed. The Funding Strategies working group of UC’s Commission on the Future (COTF) recommended that UC’s Student Services Fee be folded into “Tuition” with the Educational Fee, but the Access and Affordability working group recommended retaining it as a separate fee. The Student Services Fee provides revenue for non-instructional student programs and services and is appropriately labeled as a “fee.”

Background and Rationale:

- The State and UC have long held the position that adequate State support for the University’s instructional mission enabled the University to avoid charging “tuition.” This view originated in the Organic Act which established the University of California and was enshrined in the 1960 Master Plan.
- Historically, the University established modest “fees” for specific, limited purposes that supplemented the instructional mission.
- Since the State’s fiscal crisis of the 1990s, however, the University has been forced to increase fee levels significantly and expand the uses of student fee revenue to include instruction and instructional support activities. Several of these fees are equivalent to tuition charged by other universities. These include the Educational Fee and professional school fees.
 - The general distinction between “tuition” and “fees” at many institutions of higher education is that “tuition” covers instructional costs, while “fees” pay for services not related to instruction. Under these definitions, UC has essentially charged “tuition” since the mid-1990s. (More information about the history of “fees” and “tuition” at UC is available in the Appendix.)

¹ This briefing paper was developed using materials provided by staff in UCOP’s Office of General Counsel and the Student Affairs division, and by working groups of the UC Commission on the Future.

- Claiming to be a “tuition-free” institution is no longer meaningful.
 - The goal of remaining “tuition-free” as expressed in the Organic Act and the Master Plan has traditionally been to avoid a requirement that California students cover any portion of their educational expenses. However, all three higher education segments in California now charge California students for educational and instructional costs.
 - While the concept of financial accessibility inherent in the Organic Act and the Master Plan remains relevant and vital, financial accessibility is achieved through financial aid in the context of the student’s total cost of attendance (including books, living costs, etc.), not just tuition and fees. Moreover, UC’s Blue and Gold Opportunity Plan assurance that students with parent incomes below \$70,000 will have their “systemwide fees” covered by gift aid will be more easily understood if it refers to the more commonly used nomenclature of “tuition and fees.”
 - UC’s current use of the term “fees” is misleading, implying that the fees pay for specialized or optional services. The term “tuition” more accurately describes the actual use of the revenue, which is to support academic programs, student services, student financial aid, and administrative services. If UC used the terms “tuition” and “fees” as typically understood by the general public, students and families could more easily understand UC’s costs and compare them to those at other institutions.
- Labeling student charges for instruction as “fees” instead of “tuition” is inconsistent with other institutions of higher education, as well as entities to which UC reports its student charges.
 - UC’s public comparison institutions name their charges as follows:
 - SUNY Buffalo charges “Tuition,” a “Student Activity Fee,” and a “Comprehensive Fee” (components of which fund technology, transportation, campus life, athletics, health, colleges, and transcript services).²
 - The University of Illinois at Urbana-Champaign charges “Tuition,” “Campus Fees” (e.g., a “Transportation Fee”) and “Course Fees.”³
 - The University of Michigan charges “Tuition” (which includes a “Health Service Fee” and an “Infrastructure Maintenance Fee”) and a few mandatory fees (e.g., a “Registration Fee” of \$80).⁴
 - The University of Virginia charges “Tuition” and required fees, as well as a school-specific student activities fee which varies from \$8 to \$85, depending on the school of enrollment.⁵
 - UC participates in both voluntary and mandatory surveys of institutional costs (e.g., IPEDS, AAUDE, and *U.S. News & World Report*), and these surveys often require schools to report “tuition” and “fees” separately. Historically UC’s charges were reported solely as fees, misleading the public about the actual cost of attending UC. In the wake of the 2009 problems associated with GI Bill payments, noted below, UC has begun reporting the Educational Fee and professional school fees as “tuition” on national surveys.
- Problems have arisen because UC describes key charges as “fees” instead of “tuition.”

² Fee information for SUNY Buffalo is available at <http://src.buffalo.edu/financialaid/cost.shtml>.

³ Fee information for the University of Illinois at Urbana-Champaign is available at <http://registrar.illinois.edu/financial/tuition.html>.

⁴ Fee information for the University of Michigan is available at <http://ro.umich.edu/tuition/>.

⁵ Fee information for the University of Virginia is available at http://www.virginia.edu/Facts/Glance_Tuition.html.

- Issues vis-à-vis federal financial assistance programs: In 2009, GI Bill payments to California’s student veterans attending private institutions were threatened. GI Bill payments are tied to the level of “tuition” that state colleges charge to in-state residents. Because in name UC does not charge tuition, in California the amount of tuition charged by state colleges is technically \$0. Consequently, each GI Bill student attending a private institution was threatened with the loss of thousands of dollars in financial assistance. Labeling the Educational Fee as “Tuition” avoids this problem.
- Two working groups of UC’s Commission on the Future (COTF), Access and Affordability and Funding Strategies, have recommended that UC change the name of the Educational Fee to “tuition.” The Access and Affordability working group advised UC to “develop a more specific proposal for implementing the name change.”⁶ The Academic Council agreed with the Access and Affordability working group’s overall recommendation; see “Consultation Process” section below.

Legal Perspective:

- The Office of General Counsel at the Office of the President has determined that there is no legal prohibition on UC charging “tuition” instead of “fees.”
 - “Tuition” has no legal definition either in California or federal law. In fact, “tuition” can readily be defined as a type of “fee”; said another way, “fees” encompass “tuition.”
 - The California Education Code, which authorizes Cal Grants, does not define “fee” or “fees,” nor does it differentiate between “tuition” and “fee.” In fact, the statute indicates that “the amount of any individual award is dependent on the cost of tuition or fees, or both, at the qualifying institution at which the student is enrolled.”⁷ Therefore, UC may change the name of the Educational Fee to “Tuition” without affecting the awarding of Cal Grants to UC students.
 - Changing the name of the Educational Fee to “Tuition” would not require changes to the Budget Act, the Education Code, or to the California Code of Regulations

Implementation Challenges:

- Coordination with other segments: Renaming UC’s Educational Fee “Tuition” requires coordination with CSU and, possibly, the CCCs, who also describe as “fees” those student charges that provide revenue for instructional expenses. It may be confusing to the general public and other entities if UC were to make the name change without similar changes occurring in the labeling of student charges at CSU and the CCCs.
- Coordination with relevant parties in State government: Renaming UC’s Educational Fee “Tuition” requires coordination with State government officials to ensure all understand that the name change does not represent any shift in the use of the fee revenue, in the level of the fee, or in the state’s responsibility to provide adequate funding to UC for its instructional costs or for Cal Grants.

⁶ *Commission on the Future: First Round of Recommendations from the Working Groups*, March 2010; available at http://ucfuture.universityofcalifornia.edu/presentations/cotf_wg_first_recs.pdf.

⁷ Education Code Section 69434(a) for Cal Grant A and similar language in Section 69435(a)(2) for Cal Grant B.

- The Office of General Counsel at the Office of the President has determined that no statutory changes are necessary where there are specific references to UC's "fees" (see "Legal Perspective" section above).
- Public relations impact: Even though the change in terminology would have no impact on the level or use of UC's student charges, some constituents may perceive the adoption of the term "tuition" as an abandonment of UC's efforts to strive for a tuition-free university where the State fully covers instructional costs.
 - Changing the name of the Educational Fee to "Tuition" should be combined with vigorous advocacy efforts to protect and increase state funding, as well as the reduction of operating costs through academic and administrative restructuring efforts.
- Administrative processes and systems would need to adapt to the new terminology. Campus registration systems, billing systems, and financial aid systems would need to be modified in order to accommodate the proposed change in terminology. The cost of these changes is not known; however, campuses have recent experience implementing the name change of a major UC fee as the Regents changed the name of the Registration Fee to the Student Services Fee in May 2010. A generous timeframe for implementation will give campuses more than enough time in which to change the name of the fees in question.

Consultation Process:

- OP's Budget and Capital Resources and Student Financial Support units have already consulted with the Office General Counsel about changing the name of the Educational Fee to "Tuition." The Office of General Counsel has determined that there is no current prohibition on the University charging "tuition" instead of "fees" (see "Legal Perspective" section above).
- OP Academic Affairs will consult with the Academic Senate about this proposal; the Senate needs 60 days to review the appropriate materials (i.e., this briefing paper).
 - The Academic Council has already agreed with the Access and Affordability working group's recommendation to rename the Educational Fee and professional school fees (but not the Student Services Fee) as "Tuition":
 - "Council agrees with this recommendation, noting that all state universities underwrite a portion of the costs of their student bodies. They nevertheless charge 'tuition,' which in California has been called 'fees.' Technically, 'fees' include other specialized costs for diverse programs that not all students are required to pay. To be consistent with other higher education institutions, UC should call these required payments by their proper name, 'tuition' (UCSD, UCEP). Renaming 'fees' as tuition will minimize confusion sometimes involved with securing federal funding for student aid."⁸
- OP BCR and Academic Affairs will discuss this proposal with the appropriate campus constituents.
- OP Student Affairs will consult with the University of California Student Association (UCSA) about the proposed changes.

⁸ Academic Senate responses to first round of recommendations by Commission on the Future Working Groups, page 4; available at http://www.universityofcalifornia.edu/senate/reports/HCP2Yudof_FirstRound_Senate_Comment611110.pdf.

- BCR will consult with Department of Finance representatives about this proposal; see “Implementation Challenges” section above.
- OP Student Affairs will consult with the California Student Aid Commission (CSAC) about the proposed changes.
- BCR has consulted with CSU executives about making parallel name changes. CSU executives are interested in making the change and Chancellor Reed has endorsed the concept.
- BCR will consult with the CCCs about their interest in making parallel name changes.
 - If CSU and the CCCs decide to go forward with the name changes, OP will coordinate the November item, characterization of the change, and any specific language with CSU and the CCCs.
- OP will bring the proposed name changes before the Regents at their November 2010 meeting. The item will go before the Finance and Educational Policy Committees and will propose changes to the *University of California Student Fee Policy*, which describes UC’s mandatory systemwide charges.⁹ Items for the November Regents’ meeting are due on October 28.

⁹ The *University of California Student Fee Policy* is available at <http://www.universityofcalifornia.edu/regents/policies/3101.html>.

History of “Fees” and “Tuition” at UC

- The State and UC have long held the position that State support for the University’s instructional mission enabled the University to avoid charging “tuition.” This view originated in the Organic Act which established the University of California and was enshrined in the 1960 Master Plan.
 - When the University of California was established by State Statute in 1868 (i.e., the Organic Act), tuition was charged to resident students; however, “as soon as the income of the University shall permit, admission and tuition shall be free to all residents of the State.”¹⁰ Thus “three months after opening the University, the Regents abolished tuition”¹¹ for resident students.
 - The 1960 Master Plan for Higher Education in California, however, describes “The distinction between ‘tuition’ and ‘fees’: ‘tuition’ is defined as student charges for teaching expense, whereas ‘fees’ are for charges to the students for services not directly related to instruction, such as health, counseling other than that directly related to the students’ educational program, placement services, housing, recreation, and the like.”¹²
- In 1994, the UC Regents approved a new policy permitting the Educational Fee to pay for the cost of educational instruction. Policy excerpt:
 - “The Educational Fee is a Universitywide mandatory charge assessed against each resident and nonresident registered student... In addition to funding programs and services supported by the Educational Fee (such as student financial aid and related programs, admissions, registration, administration, libraries, and operation and maintenance of plant), income generated by the Educational Fee may be used for general support of the University’s operating budget. Revenue from the Educational Fee may be used to fund all costs related to instruction, including faculty salaries.”¹³
- Thus according to the definition provided in the 1960 Master Plan and the description in the *University of California Student Fee Policy*, UC has charged tuition for over a decade.
 - Prior to the 1990s, “fees” at the University of California were intended to cover only the extra costs related to attending a UC campus; at that time, the State covered the costs of direct instructional programs. That changed in the early 1990s, when the University began to experience dramatic shortfalls in State funding. As a result the State subsidy per student has declined significantly – by more than 50% over the past 19 years.
 - As the State subsidy for UC declined, student fees began to rise significantly and their use expanded to cover instructional costs and other costs. The Educational Fee supports core instructional costs such as faculty salaries and is essentially interchangeable with “tuition” at other institutions.

¹⁰ Statutes of California, Chapter CCXLIV, Approved March 23, 1868.

¹¹ Stadtman, Verne, ed. *The Centennial Record of the University of California*. Berkeley, California: University of California Printing Department, 1967, page 2.

¹² *A Master Plan for Higher Education in California, 1960-1975*, page 14; available at <http://www.ucop.edu/acadinit/mastplan/MasterPlan1960.pdf>.

¹³ *The University of California Student Fee Policy*; available at <http://www.universityofcalifornia.edu/regents/policies/3101.html>.

- As a point of interest, a 1972 revision to the Master Plan notes that there have long been legal grounds for UC and CSU to charge tuition. Relevant excerpt:
 - “At the time the Master Plan recommendations were made (1960), and since that time, there have been legal grounds for tuition in the University of California and the California State University and Colleges, despite widespread impressions to the contrary. The [UC] Regents have the authority to impose tuition by virtue of their constitutional powers... For each of the two senior segments there appears to be no legislative or constitutional prohibition against tuition.”¹⁴
- The Master Plan authors and subsequent plan revision teams have reaffirmed the principle of tuition-free higher education for California residents; however, a tuition-free policy has never been enacted into statute.

¹⁴ *The California Master Plan for Higher Education in the Seventies and Beyond: Report and Recommendations of the Select Committee on the Master Plan for Higher Education to Coordinating Council for Higher Education*, page 84. Available at <http://www.ucop.edu/acadinit/mastplan/MPSelectCmte1172.pdf>.