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Chair of the Assembly and the Academic Council
Faculty Representative to the Board of Regents
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200

January 6, 2010

**MARK YUDOF, PRESIDENT
UNIVERSITY OF CALIFORNIA**

Re: Differential Fees Proposal

Dear Mark:

The Academic Council of the UC Academic Senate initiated a review of proposed differential fees to be imposed on selected undergraduate majors in response to the appearance of that issue on the September Regents' agenda. Even though the proposal was subsequently withdrawn, Council took this opportunity to engage Senate committees and divisions in a substantive consultation in anticipation that the proposal will be introduced for further discussion and possible action. All nine divisions with undergraduate programs, and BOARS, UCAAD, UCEP and UCPB responded.

Based on the justification provided to date, Council unanimously opposes differential fees by major. The following discussion identifies concerns considered by Council. While Council is open to discussion and robust analysis of the idea of differential fees, the concept departs so significantly from UC's tradition, that it must be considered with the utmost care (UCI, UCM, UCEP, UCPB). Senate agencies were especially concerned that endorsing differential fees as a financial model would be tantamount to accepting privatization as inevitable, thereby limiting access to those who can pay, which is inconsistent with UC's public mission (UCI, UCSC, UCSD, BOARS, UCAAD, UCEP). The term "privatization" denotes a funding strategy based on individualized "user fees" in contrast to general public support for the entire academic enterprise. We note that the graduate professional schools already have moved substantially toward privatization. In addition, some divisions and committees expressed concern about abandoning the notion of UC as one university (UCI, UCSB, UCPB). UC Irvine's letter states, "...a cherished UC principle would be violated if we were to agree to charge differential fees for majors: That is our conception of the UC as one university."

Beyond the philosophical questions posed by differential fees, Council found the proposal itself, as documented in the initial Regents' agenda and subsequent materials provided by Interim Provost Pitts, inadequate in terms of rationale, supporting data, and the details of implementation.

Rationale. The rationale for instituting differential fees was unclear, and even inconsistent, and respondents noted that the choice of majors was not justified, with no data demonstrating that business and engineering are more costly than other majors (UCD, UCI, UCLA, UCM, UCR, UCEP, UCPB). The proposal was variously justified by assertions that differential fees could raise general revenue, that business and engineering students are more expensive to educate, that their earning potential is greater, and that other universities have implemented similar charges. All of these rationales are based on budgetary, rather than educational considerations, such as using fees to manage enrollment or divert students from impacted majors (UCB, UCM, UCSB).

Moreover, none of the proffered reasons for the proposed change is persuasive. If, as the proposal suggested, business and engineering majors are more expensive to educate, then the funds should directly benefit those programs, and not be allocated at the Chancellor's discretion (UCD, UCI, UCLA, UCM, UCR, UCSB, UCSD, BOARS). Some business and engineering programs would support differential fees if, and only if, the revenues remained in the programs that generated them (UCSB). If the purpose is to raise general revenues, then why target specific majors instead of assessing a slightly higher general fee (UCD, UCI, UCR, UCPB)? If the rationale is that students in these majors are believed to have future earning potential that enables them to afford higher fees, there is no data to support the premise and the resulting tax on one set of students is unfair (UCD, UCI, UCM, UCR, UCSB, UCSD). The argument that UC should follow other universities that have imposed similar fees does not consider UC's uniqueness as a university system: UC provides greater access to education (and hence has a far more economically diverse student body) and supports multiple campuses offering high-quality research-based educations, not just a single flagship (UCI, UCM). UCR and UCSB also expressed concern about public perception if the selection of business and engineering was based on higher salaries paid to the faculty of these schools.

Data Analysis and Impacts. All respondents emphasized the need for data and analysis of the potential impacts of differential fees before an informed decision can be made. Multiple Senate agencies expressed concern that the proposal included no analysis of the potential impact on student behavior, and particularly on access by low-income students and on diversity within those majors (UCB, UCLA, UCM, UCR, UCSB, UCSC, UCSD, UCPB, BOARS, UCAAD, UCEP). UCSB suggested that additional revenue be used exclusively for recruitment and retention of underrepresented students, or, alternately, that fees be assessed on a sliding scale for all students based on family income. While other universities have instituted differential fees, UC enrolls more low-income undergraduates than any other research institution (UCM), and first-generation students often prefer practical degrees (UCPB); analysis is needed on the potential impact on access. To this end, BOARS requested data from UCOP's office of Institutional Research on the characteristics and graduation rates of business and engineering majors and those who have declared their intent to be majors as a baseline for analysis. BOARS notes, among other facts, that a greater percentage of freshman and transfer engineering majors and students intending to major in business are from low-income families than is the case for letters and science majors. Several respondents expressed concern that the additional fees would discourage minority participation, which is already low, in the science, technology, engineering and mathematics fields (UCD, UCR, UCSC, BOARS, UCPB). And they questioned the wisdom of creating disincentives to major in the these disciplines, which experience difficulty in retaining qualified students, at a time when the

state needs more workers in these fields (UCI, UCM, UCR, UCPB). Data also should be presented on the relative costs per student for each major (UCSC). Many respondents asked how changes in student behavior will affect academic planning, demand for certain majors, appropriate student advising, and faculty FTE (UCD, UCI, UCM, UCSC, BOARS, UCPB). Will higher fees cause students to forego public service careers (UCB, UCM, UCR)? Will they adversely affect transfer rates (UCAAD)? Will access to the high-fee majors be limited by students' ability to pay (UCB, UCM, UCSD)?

Implementation. Nearly every Senate agency asked how the additional funds raised would be used and how this decision reflects the underlying rationale for the proposal. As noted above, multiple divisions stated that if the fee were to be implemented, the affected schools should benefit.

The proposal does not adequately address how and when the fees would be assessed; why they would not be imposed on summer sessions; how they would affect double majors or minors, students who change majors, or students who delay declaring a major; how they would affect departments' ability to plan; and whether the fees would be imposed on students selecting business emphases in traditional economics departments (UCB, UCD, UCI, UCLA, UCM, UCR, UCSB, UCSC, UCSD, BOARS). Several respondents noted that additional material or laboratory fees already are charged for certain courses and that the income is directed to the particular course (UCR, UCSB, UCSD, BOARS). What mechanisms would ensure that subsequent increases are appropriate, moderate and predictable (UCLA)? How would decisions about distributing the additional revenues be made (UCI, UCSC, UCPB)? To what extent would they be used for student aid in the affected majors (UCR, UCLA)? Would guidelines be issued for the use of these funds (UCLA) and would these majors retain the same level of funding from general revenues (UCSB)?

Other Issues. Senate agencies asked if a market-based logic would "devalue" other majors, and create two classes of students, linking cost to worth (UCB, UCLA, UCR, UCSB, BOARS). Many respondents noted that the timing of the proposal, on the heels of a 32% fee increase, could further inhibit low-income students' access to UC (UCB, UCD, UCSC, BOARS, UCPB). Several campuses questioned whether the relatively modest anticipated revenues from the new fees (estimated at \$16 million) warrant either the financial or the political costs of implementation (UCB, UCR, UCSC, BOARS, UCEP, UCPB). Some respondents affirmed the principle that students should have the freedom to choose a course of study without regard to cost (UCLA, UCSB, UCSD, BOARS). Several expressed alarm at the potential for stratification by campus (UCI, UCR, UCPB), and the future expansion of differential fees to other programs and/or in greater sums (BOARS). Such concerns are magnified by the recent expansion of professional school fees to disciplines not in the initial set of those for whom fees were approved. Other respondents worried that charging fees on a market-based logic undercuts the case for public funding (UCSC, BOARS, UCPB) and is antithetical to the mission of a public university (UCSD, BOARS).

Finally, some respondents compellingly argued that if the University moves away from the notion that it is "one university," it should do so consciously, and with widespread debate, not incrementally (UCI, UCEP, UCPB). Similarly, BOARS notes, "access and affordability are central components of the public university and the UC identity" and urges the UC Commission on the

Future “to not let short-term budget issues drive a radical change in our values and identity as a public institution.”

In summary, Council strongly opposes the proposal as it was introduced before being removed from the September Regents’ agenda. With currently available data and analysis, Council opposes the proposal to impose differential fees on select undergraduate majors as unjustified, not adequately supported by data or sufficient information about implementation, and because it potentially erects barriers that will prevent students, particularly students from low-income families, from selecting majors in disciplines for which the state has great need for more, rather than fewer, graduates. Finally, Council believes that it is a major departure from UC’s “one University” tradition, and as such, the issue merits thorough consideration of its potential consequences beyond its benefits as a revenue source.

Please do not hesitate to contact me if you have any questions regarding Council’s comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry C. Powell", with a long horizontal flourish extending to the right.

Henry C. Powell, Chair
Academic Council

Copy: Larry Pitts, Interim Provost
Academic Council
Martha Winnacker, Academic Senate Executive Director



December 2, 2009

HENRY POWELL
Chair, Academic Council

Subject: Differential fees for undergraduates by discipline

Dear Harry,

On November 23, 2009, the Divisional Council (DIVCO) of the Berkeley Division discussed the 2010-11 Budget Development Briefing Paper on *Differential fees for undergraduates by discipline*, along with the Issues Summary developed by UCOP Institutional Research and the letter summarizing the University Committee on Planning and Budget's (UCPB) position on the issue. Earlier, the divisional committees on Academic Planning and Resource Allocation (CAPRA), and Educational Policy (CEP) had discussed the issue and provided commentary to inform DIVCO's discussion.

DIVCO endorsed the position articulated by UCPB. In addition, it underscored the following points raised by CEP:

The proposal makes no argument for the educational benefit of the differential fees; it is clearly just an effort to raise more money from certain students, or as one member put it, to fill the University's revenue hole. Similarly, this is not an attempt to incentivize or to disincentivize student behavior, by steering students away more from certain majors. On the contrary, it is assumed that certain majors will continue to be popular, and that there will be no diminution in student quality as a result of increased student fees.

How then to justify the fee increase to the students and other stakeholders? The assumption is that they will accept the increase as an increased "investment" in their education; however, such an assumption suggests that certain majors are worth more, in terms of long-term financial reward. The major consequence will be to steer students away from public-service careers because of their increased student loan debt. It will also

lead to a stratification of students along the lines of who pays more.

The proposal is skimpy on specific details. It does not take into account double-majors, or students who change majors late in their careers, whether or not their intent is to game the system.

The proposal is not even well-thought-out financially. Given the 1/3 return to Financial Aid, the money to be made from this proposal does not warrant the cost of its implementation. The burdened cost of instruction of the majors singled out for increases is not so far out of line with campus averages.

In sum, DIVCO agreed with CAPRA:

Considering that tuition will increase by 32% by fall 2010, the timing on this proposal appears ill conceived. Fees and tuition should not continue to be the primary and crisis mode response of the Regents to the budget situation. As the cost of a UC education rises, California students will be the unwilling victims of short-term policies and decisions that inevitably will have long-term consequences for access, affordability, and our core mission.

Sincerely,



Christopher Kutz
Chair, Berkeley Division of the Academic Senate
Professor of Law, Jurisprudence and Social Policy Program

Cc: Ignacio Navarrete, Chair, Committee on Educational Policy
John Ellwood, Chair, Committee on Academic Planning and Resource Allocation
Elizabeth Wiley, Senate Analyst, Committee on Educational Policy
Diane Sprouse, Senate Analyst, Committee on Academic Planning and Resource Allocation



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December 8, 2009

HENRY POWELL, CHAIR

University of California
Academic Council
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Re: Proposed Differential Fees for Business and Engineering Majors

The referenced proposal was distributed to all standing committees and the Faculty Executive Committee within each college and professional school twice. The Committee on Planning and Budget responded to the first request indicating it was supportive of the University Committee on Planning and Budget stance. Comments received from Undergraduate Council and the Letters and Sciences Faculty Executive Committee are the basis for the following position.

In general, the proposal did not receive a favorable response. It raised a number of questions and provoked thoughtful examination of our fee structure and the impact an additional fee increase will bring to a particular populations of students.

The proposal may be based on a presumption that upon graduation business and engineering majors earn higher salaries and therefore should pay higher fees? There is no evidence presented that all business and engineering majors actually earn higher salaries. If it costs more to educate business and engineering majors, then the additional revenue generated should simply be redirected to the campus and college/school educating each student. Again there is no evidence presented for this argument. Even if this is the case, the proposal calls for the funds to be pooled and distributed by the Chancellor as she/he sees fit. Thus, the proposal was viewed as unfair. If implemented UC would discriminate against students declaring particular majors. If the fees are insufficient to sustain the entire university, then another general fee increase is in order rather than overburdening a particular population of students.

Differential fees encourage economically disadvantaged students to forgo a university education and attend community college. These students are disproportionately from ethnic and racial minority groups. According to a report by the National Association of State Universities and Land Grant Colleges (2008), "over the last decade Hispanic enrollment at community colleges increased 173 percent, black enrollment increased 207 percent, and white enrollment 35 percent." Minority participation in STEM disciplines (science, technology, engineering, and mathematics) is already low and differential fees may encourage minority students who might have majored in business or engineering to enroll in a less expensive major. Although a 33% return to aid would mitigate some of the impact of the differential fees, the report does not

contain any evidence of its effectiveness in other schools. Differential fees for undergraduates in the professional schools may begin a trend that will take these schools in a private direction. It is a dangerous precedent for both ideological and educational reasons.

As the proposal notes, there are an array of issues that need to be addressed before a proposal can be adequately evaluated. Specifically:

- The rationale for not imposing the fee during the summer term. This condition may lead to dramatic increases in enrollments during the summer term and disadvantages students who cannot attend summer school (e.g., those who work in agriculture jobs during the summer months).
- The possibility that the differential fees provide an incentive for students to wait to declare their major until they have completed 135 units, rather than declaring it after 90 units (students in L&S can change majors (e.g., to engineering) as long as they have not completed more than 135 cumulative units). Thus, departments that have fairly relaxed requirements for declaring a major may see an influx of students declaring the major and then leaving after a few quarters.
- Differential fees will heighten students' desire to complete the major within four years and increase pressure on affected departments to offer more courses; yet, as noted above, the report does not recommend committing the increased funds to the programs affected.
- There must be concrete justifications provided for the increased fees in business and engineering relative to other disciplines

Currently student fees will increase 32% between January and September 2010. The proposal calls for business and engineering students' differential fees to begin in 2010-11. The burden of paying the increases simultaneously will have a significant impact on this population of students and will not be well received by the public in general.

Sincerely,



Robert L. Powell III, Chair
Davis Division of the Academic Senate and
Professor and Chair, Department of
Chemical Engineering and Materials Science



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(949) 824-2215 FAX

November 24, 2009

Harry Powell, Chair, Academic Council
1111 Franklin Street, 12th Floor
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RE: Senate Review of the Proposed Regents' Review of Differential Fees for Engineering and Business Students

The UCI Academic Senate was originally asked for "Senate input" on the proposal to charge differential fees for certain undergraduate majors. The proposal to establish a \$900 annual fee for upper-division business and engineering students, effective 2010-11, with a 33% return-to-aid, was scheduled for Regental action at its November meeting. However, the item has now been delayed, and the Cabinet has been asked to proceed with a preliminary discussion to assist the Academic Council in formulating an initial response to this issue.

The UCI Cabinet discussed this issue at its meeting of October 20, 2009, and invited the Faculty Chairs of Engineering, Computer Science, and Business to consult with their faculty members and to report to the Cabinet on the issue of differential fees for majors. Following are summaries of the opinions gathered in each of these schools.

The Faculty Chair of Engineering (Abe Lee), who e-mailed undergraduate committee chairs in each department, found that engineering faculty members are generally against differential fees for engineering majors. Engineering students, like all UC students, will experience a significant increase in fees, and it seems to be unfair to add additional costs at this time. If we do implement differential fees, Engineering faculty feel that the affected schools should benefit, and the students in these schools should benefit directly from them. It is unclear how students might change their major decisions if we implemented such fees.

The Faculty Chair in Information and Computer Science (Alfred Kobsa), who spoke with the school's executive board (elected representatives) and Dean, found that with regard to the short term, differential fees would further exacerbate the school's troubles with undergraduate enrollment. With regard to the long term, opinions are more muddled. This policy demands that students pay the market price for their degrees and abandons

our current low fee model. But since other places do it; we should at least consider it. If differential fees are introduced for Business and Engineering, then this should also be the case for ICS. Some of the revenues should go back to the impacted schools though.

The Faculty Chair of the Paul Merage School of Business (Kerry Vandell) e-mailed all business faculty and talked with the dean. The sentiment was that there was not enough time consider to this proposal fully. Their position will depend on the details. The undergraduate business major is capped at 150, whereas several thousand apply. The demand is high, so economic rationale indicates that we should raise the price. But the proposal doesn't present the relevant data nor does it specify how the additional revenue will be distributed. The impact on schools might be significant. They note that many universities are adopting differential fees for majors, especially the publics.

Four UCI councils opined on the proposal and sent formal statements to the cabinet for their consideration. The Council on Undergraduate Admissions and Relations with Schools (CUARS) "universally rejected" the proposal. CUARS Chair Berg noted that students paying higher fees would not directly benefit; that the proposal was unclear about who would decide how the new revenue would be spent; that there was no discussion about how financially needy students would be impacted; that this policy may negatively impact recruitment; and that it was unclear how minors in Engineering and Business would be affected.

The Council on Educational Policy (CEP) also unanimously recommended against the proposal. CEP Chair Pan cited its likely negative impact on students, especially enrollment by lower income students; on administration, namely the challenges of implementing such a policy and a change in UC operating principle; and on revenue (this is not likely to have a substantial impact and its not clear whether or not revenue would return to the affected units.

Chair Porter relayed that the Council on Planning and Budget (CPB) recommends that this proposal not go forward in its current form. He notes that the financial incentive is rather small; that the choices of majors are not justified; that there is no consideration of unintended consequences or the potential impact on major choices (and how that might impact growth in the California economy); and that the decisions about distributing the additional revenue and policy implementation are not articulated.

The Board on Undergraduate Scholarships and Financial Aid (BUSHFA) also registered its opposition to this policy. It questions the assumptions that Engineering students have a greater ability to pay additional fees and that they will necessarily be employed after graduation. It also pointed to the important role of these majors in reviving the California economy. Finally, it thought this policy's affect on financially needy students and on degree minor were unclear.

After presentations by the faculty chairs, the Cabinet engaged in a lively discussion about the introduction of differential fees for majors and arrived at the following observations. The Cabinet noted that the rationale and precise formulation of this proposal is not at all clear. Differential fees constitute a very important issue, and we need to fully consider how the decision will impact our campus and the UC as a whole.

Cabinet members noted that a cherished UC principle would be violated if we were to agree to charge differential fees for majors: That is our conception of the UC as one university. If we abandon the ideal of a “UC education,” we put into jeopardy our model. We are the only public system with multiple prestigious member campuses. This model is in sharp contrast to the idea of a tiered system. If we accept differential fees for majors, the issue of campus differentials will be on the agenda next.

The reasoning that we should introduce differential fees for majors since other universities have done so, is not convincing. We have a different structure; UC should be a leader, not a follower. Before considering this specific proposal, we should discuss whether or not we are willing to abandon the UC’s one university concept.

As it stands, this proposal seems like a top-down effort. If it came from units that claimed to need extra funds to fulfill their curricular requirements, it would have greater credibility. If we were to consider implementing differential fees, we would need a more detailed examination of the relevant facts. The rationale for the proposal is not clearly articulated and the choice of the majors nowhere justified. Rather than discussing only these majors, we would need to consider all majors. If we decide that our rationale for implementing differential fees is to recover costs for more expensive majors, we need to see data on the costs per student for each major. Impacted units might feel disadvantaged unless they see at least some of the increased fees back in their schools. Yet the high cost units have been subsidized for years, so other schools might see this effort as an attempt to pay back other parts of campus for years of unequal distributions. The latter view suggests that the additional revenue would be spread throughout the entire campus.

Once we broach the topic of market rates, we have another dilemma: since we are below market on all of our fees, every major has a rationale to increase, so why not raise the entire base? If our rationale is that students in some majors will have higher earning potentials after graduation, then we need to see the data that supports this, broken down by all majors.

In all, the UCI Cabinet strongly opposes differential fees for majors and it appreciates the opportunity to comment.

A handwritten signature in black ink, reading "Judith Stepan-Norris". The signature is written in a cursive style with a large, looping initial "J".

Judith Stepan-Norris, Senate Chair

C: Martha Kendall Winnacker, Executive Director, Academic Senate



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October 21, 2009

Henry Powell
Chair, Academic Council
University of California

In Re: UCLA Response to Differential Fees by Major Proposal

Dear Harry,

Thank you for the opportunity to opine on the draft proposal on differential fees by major. I am responding at the request of UCLA Senate Chair Robin Garrell, whose travel schedule has her away from UCLA. Professor Garrell specifically requested the Undergraduate Council, Council on Planning and Budget, the College Faculty Executive Committee, the School of Engineering Executive Committee, and Executive Board to opine. The UCLA Academic Senate supports the removal of the proposal from the Regents Agenda at this time so that the item may be more fully developed by the Commission on the Future and subsequently vetted the Academic Senate. Although the proposal will not be reviewed by the Regents at this time, I thought it important to outline some key themes of the responses:

- All reviewing councils and committees opposed the proposal as written. Although there is recognition by some that the question of differential fees by major should be further explored, the paucity of supporting information (e.g., cogent rationale, budgetary impact assessments, etc.) made it untenable to endorse this proposal as written.
- CPB and UgC both articulated a number of questions that require further clarification. For example, why are these two majors singled out? Since part of the rationale for engineering and economics majors is the overhead costs associated with mounting the majors, why would the revenues generated be utilized at the discretion of the Chancellors? What guarantees can be made to ensure that the fee increases would be used to advance undergraduate education?
- Such a proposal would likely have a negative impact on student diversity. Any future proposal should elaborate how this negative impact would be mitigated.

I am attaching the responses from CPB and UgC, which contain more discussion and nuance than I provide here, for your information.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael S. Goldstein".

Michael S. Goldstein
Immediate Past Chair
UCLA Academic Senate

Cc: Robin Garrell, Chair, UCLA Academic Senate

Ann Karagozian, Vice Chair and Chair-Elect, UCLA Academic Senate
Martha Kendall Winnacker, Executive Director, Systemwide Academic Senate
Jaime R. Balboa, Chief Administrative Officer, UCLA Academic Senate

October 9, 2009

Professor Robin Garrell
Chair, UCLA Academic Senate

Re: Differential Fees by Discipline

Dear Dr. Garrell:

CPB has reviewed the proposal for the establishment of differential fees by discipline as outlined on correspondence received from the Office of the President.

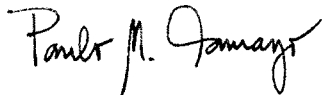
In principle, CPB recognizes that differential fees could be explored as a powerful mechanism to address budget deficiencies in selected academic units in the UCLA campus. This would be particularly so if each of the affected units, in consultation with the administration and student bodies, determines that such action would be cost-benefit effective for its students.

In its current format, CPB opposes the proposal. The concerns listed below need to be addressed on a modified proposal for the issue in question to be re-considered.

- (1) Why have these two majors been singled out? Is there evidence that undergraduate education in business/economics and engineering has higher costs? Is there a belief that undergraduates would be willing to pay higher fees for these majors because of employment prospects with higher remuneration after graduation? CPB was left to speculate as to the reason for selecting these two majors. If employment prospects are indeed the primary motivator, CPB doubted that business/economics should be included in the same category as engineering;
- (2) What is the plan to assess the appropriateness of these charges on an ongoing basis, given that factors that currently justify the charge in question may change quickly?
- (3) It is unclear as to what degree the faculty and student bodies in business/ economics and engineering were consulted and had the opportunity to opine about the proposal;
- (4) The fate of the additional revenues to be raised is not specified: (a) what percentage of it will be converted into student aid funds? And, (b) to what extent these extra funds will be made available to academic units under which those students are majoring (council members expressed significant concerns about the majority of these funds not returning to the originating units)?

- (5) If most of the revenue would return to the originating unit, what would be the guidelines for its use?
- (6) What are the mechanisms to ascertain that subsequent increases in differential fees are gradual, moderate, and predictable? The possibility for such fees to rise disproportionately as compared to regular tuition fees exists and should be addressed; and
- (7) The potential effect of the implementation of differential fees on student diversity is obvious. What are the steps that will be taken to mitigate such a potential consequence?

Sincerely,



Paulo Camargo
Chair, UCLA Council on Planning and Budget

cc: Jaime Balboa, Chief Administrative Officer, Academic Senate
Michael Goldstein, Immediate Past Chair, Academic Senate
Ann Karagozian, Vice Chair, Academic Senate
Linda Mohr, Assistant Chief Administrative Officer, Academic Senate

October 15, 2009

To: Robin Garrell, Chair
Academic Senate

From: Joseph B. Watson, Chair
Undergraduate Council



Re: Differential Fees by Major Proposal

The Undergraduate Council (UgC) has thoughtfully considered the University of California President's proposal to establish differential fees targeted at upper-division business and engineering students, effective 2010-11. I am writing to report that the Council is not able to endorse the proposal.

Members expressed varying sentiments: Several members suggested that imposing differential fees might be inevitable while others opposed vehemently imposing the fee. Concerns were raised whether imposing differential fees would negatively impact lower socioeconomic students or diversity, and "devalue" other majors.

It was noted that other comparable institutions have already implemented differential fees. In a rapid read of the University of Nebraska's study that examines all the U.S. institutions that have implemented differential fees, one UgC member cited that there appeared to be neither an effect on diversity nor lower income students. However, the study did not specify whether scholarships or financial aid covered the additional fees.

The Council acknowledges the dire need for additional revenue, but as articulated by one member, "There should be a level playing field for all majors. That's not what a University is all about. Students should be free to follow their intellectual "noses" and not have "cost of major" influence their intellectual direction."

Finally, the Council strongly supports and agrees it is imperative that UCLA maintain the quality of its undergraduate education. However, as stated in the documents reviewed by Council: "Because the fee is being implemented to address the University's budget shortfall, rather than engineering and business program quality issues, at the campus level, ***funds would be allocated at the discretion of the Chancellor.*** ***Therefore, there is no guarantee the funds would be used to maintain or improve the quality of the education for students shouldering these fees.***

If you have any questions or need additional information, please feel free to contact me (x 5-7587; jwatson@mednet.ucla.edu) or Judith Lacertosa, UgC Principal Policy Analyst (x51194; jlacertosa@senate.ucla.edu).

cc: Jaime Balboa, CAO, Academic Senate
Judith Lacertosa, Principal Policy Analyst, Undergraduate Council
Dorothy Ayer, Assistant to Senate Leadership & CAO

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SANTA BARBARA • SANTA CRUZ

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November 4, 2009

HENRY POWELL
CHAIR, UC ACADEMIC SENATE

RE: Differential Fee Proposal

Dear Henry,

Thank you for organizing a Council review of the Differential Fee proposal. This proposal and its hurried preparation are an exemplary case study on the problems that arise when short circuiting the consultative process. The Merced Divisional Council consulted its standing committees; Undergraduate Council submitted a written response, and the other committee comments were transmitted verbally and are incorporated in the letter. The major conclusions are that the impacts of this proposal on access and affordability were not adequately projected, the choice of the majors were not well justified and the dispensation of the projected revenue was not well-delineated. Most troubling, however, was the lack of a clear statement of the justification for this policy (i.e., is this solely driven by the “higher” costs of these majors or is it driven by finding “new sources of revenue” for the university). Without an explicit justification, this proposal dangerously sets the precedent for other differential fees in the system to be proposed in a hurried, unreflective manner

Access and Affordability. The UC system prides itself for its research excellence and the access it provides to California students. It is unique among first tier research universities with its financial aid to over 50% of undergraduate students. Another hallmark is the number of first generation college students who are educated throughout the system, with Merced having over 50%. Differential fees for different majors are not uncommon at research universities; however, their undergraduate populations have a different economic profile than UC students. More analysis is needed before hypothesizing these fees will have no impact on access and affordability.

Major Choice. Some majors are more expensive to deliver than other majors. It is not clear that business management and engineering are the most expensive majors. Just four percent of US college graduates major in engineering, significantly less than other industrialized countries. UC has always been attuned to the labor needs of the state, in fact Merced was developed to help address the projected CA shortage in science and technology graduates. The majority of the business degrees in the UC system are not offered by management schools, but are instead offered in through economic departments. Imposing these fees

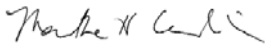
on “business” degrees could lead to differential costs for different degrees offered by a single department. A careful analysis with the assumptions clearly delineated needs to be presented as a justification for these fees. Moreover, sudden changes in enrollments as students aim to substitute a cheaper but similar major for a more expensive one would lead to inefficiencies in the system, because faculty numbers would no longer be optimized to reflect student numbers.

Projected Revenue. The distribution of the revenue should follow from the purpose of the fees. If the purpose of the differential fees is to offset the higher cost of a program, then those fees should be used to run the program. It should be noted, that if this is the basis for the proposal, then students in less costly programs might request reduced fees. If the purpose of differential fees is general revenue generation, then the principles for general revenue generation should be worked out before this first step.

Other Strategic Considerations. The proposal seems to also be justified in terms of students’ own estimates of how much they will earn after completing various majors. If a major is taxed based on future earnings, graduates in those majors would be most likely to have more debt when graduating. That would put them at a disadvantage if they were to consider lower paying public sector jobs. In addition, this justification ignores the fact that different specialties in engineering have a wide range of potential average salaries. Is there a more strategic basis for increased fees? One such basis might be to charge more for impacted majors.

In conclusion, imposition of differential fees for majors is a significant departure from past practices. Merced does not support the proposal. Before embarking on such a step, careful analysis of the pros and cons ranging from student access to the criteria for imposing these fees should be conducted.

Sincerely,



Martha H. Conklin, Chair

cc: Divisional Council
Senate Office



CHAIR, ACADEMIC SENATE
RIVERSIDE DIVISION
UNIVERSITY COLLEGE BUILDING, RM 225

ANTHONY W. NORMAN
DISTINGUISHED PROFESSOR OF BIOCHEMISTRY
AND BIOMEDICAL SCIENCES
RIVERSIDE, CA 92521-0217
TEL: (951) 827-5538
E-MAIL: ANTHONY.NORMAN@UCR.EDU
SENATE@UCR.EDU

December 1, 2009

Harry C. Powell
Professor of Pathology
Chair, UC Systemwide Academic Senate
1111 Franklin St., 12th Floor
Oakland, CA 94607

Dear Harry:

RE: Differential Fee Proposal, Second Revision

As might be expected, the above issue brought out a lot of comments from the various committees that reviewed it. The proposal was sent out to 7 committees of the Senate and was also reviewed by the Executive Council. The members of the Executive Council felt that this was an extremely controversial issue and given the present economic times, this was not the time to be raising fees. Of the 17 members present, 16 voted against the concept of differential fees and 1 member abstained.

I have attached the comments received from our committees for your review.

Sincerely yours,

A handwritten signature in black ink that reads "Anthony W. Norman".

Anthony W. Norman
Distinguished Professor of Biochemistry and
Biomedical Sciences; and
Chair of the Riverside Division

CC: Martha Kendall Winnacker, Executive Director of the Academic Senate
Sellyna Ehlers, Director of UCR Academic Senate office



UNIVERSITY OF CALIFORNIA
College of Natural and
Agricultural Sciences
Executive Committee

RECEIVED

NOV 19 2009

ACADEMIC SENATE

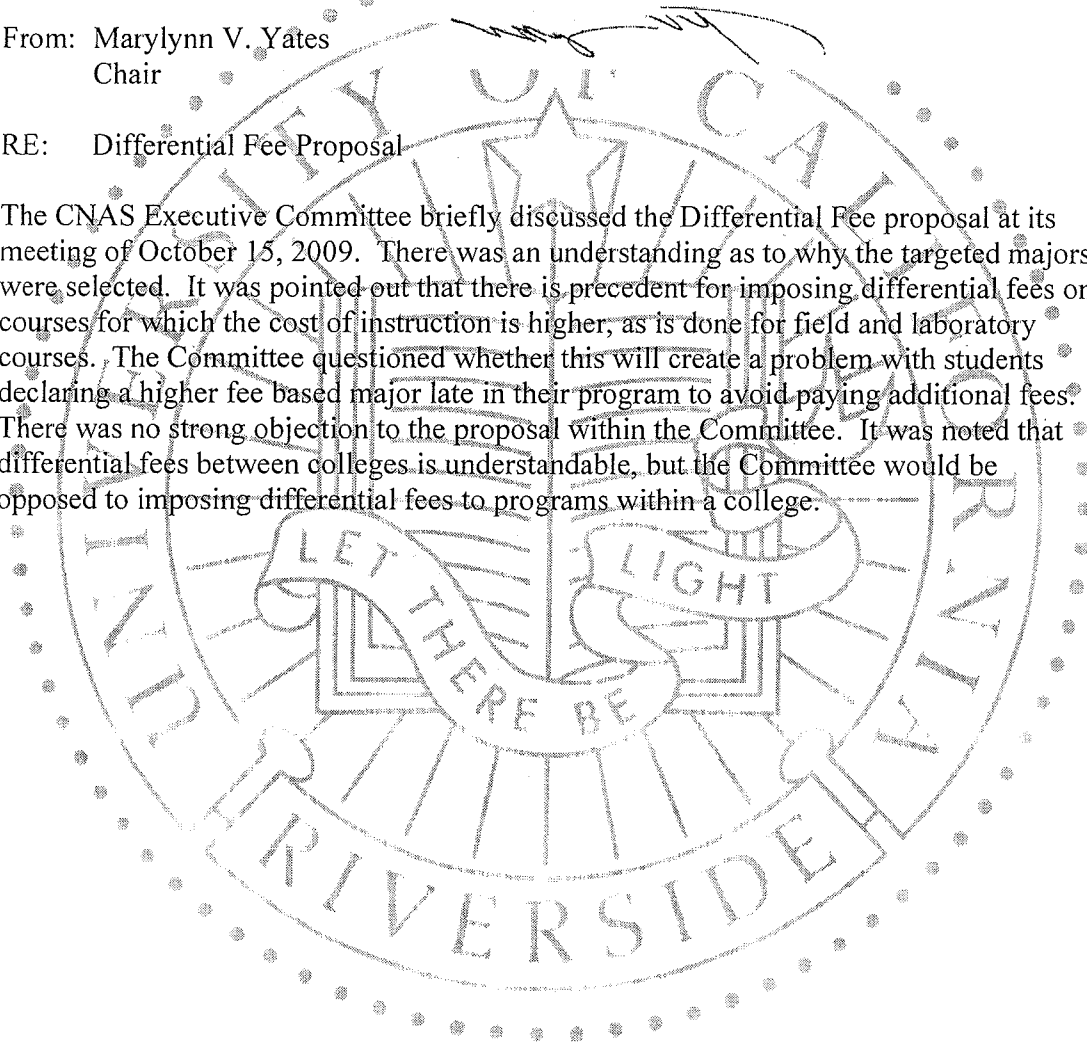
November 19, 2009

To: Anthony W. Norman
Chair, Academic Senate, Riverside Division

From: Marylynn V. Yates
Chair

RE: Differential Fee Proposal

The CNAS Executive Committee briefly discussed the Differential Fee proposal at its meeting of October 15, 2009. There was an understanding as to why the targeted majors were selected. It was pointed out that there is precedent for imposing differential fees on courses for which the cost of instruction is higher, as is done for field and laboratory courses. The Committee questioned whether this will create a problem with students declaring a higher fee based major late in their program to avoid paying additional fees. There was no strong objection to the proposal within the Committee. It was noted that differential fees between colleges is understandable, but the Committee would be opposed to imposing differential fees to programs within a college.



RECEIVED

OCT 21 2009

ACADEMIC SENATE

Members of the Executive Council of the Bourns College of Engineering have read both the study and the proposal related to differential fees increases to be imposed on business and engineering majors. The primary motivation appears to be to increase revenues by approximately \$16M by imposing fees on students in two colleges that are deemed to be able to pay more. The other arguments stated by the study are all weak:

1. Other universities have imposed differential fees – This is not a strong case for action.
2. Higher cost of these programs – Is business really higher cost? Business faculty do have higher salaries, but so to Economics faculty. Engineering students do have higher lab cost than some other majors, but other science based programs also have significant costs for lab and field work. BCOE has already instituted lab fees to cover the cost of the labs. Is UCOP suggesting that the university determine total net costs of running programs and charging differential rates for each? Such a total net cost would need to account for all program revenue (Professional fees for graduate programs in business, research funding by faculty, lab fees, etc.), which is also different for different portions of the university. This total net cost approach does not appear to be the proposal. Why select business and engineering as a focus?
3. Cost recovery – The text of the argument states that these revenue streams allow the *programs to make otherwise unaffordable improvements*; however, this does not apply to the UCOP proposed plan, as the revenues are allocated at the Chancellors discretion.
4. Remain competitive for faculty – This does not apply to the UCOP proposed plan, as the revenues are allocated at the Chancellors discretion.
5. Alignment with Earning Potential – There are several other degree programs, such as pre-med, that have high cost and high earning potential. Is UCOP suggesting some type of fee for all degree programs based on earning potential. It seems complex. Also, not all students within any degree program make their choice based on high earnings potential. Those that select a low salary career option within a “high earning potential” degree program would be penalized.

This proposal appears to be the start of a differential fee process. Relative to the magnitude of the UC funding crisis, it has a very small monetary gain of ~\$16M, but at what cost? Will UC begin differential fees for each major? Will UC begin different fees for different campuses? Is the \$16M in new revenues worth the initiation of such fee differentials?

Especially at a time when the nation is attempting to increase the enrollment of students in Science, Technology, Engineering, and Mathematics programs, should UC be increasing the cost of an engineering degree? The proposed differential fees are at odds with the UC purpose of providing an educated workforce for the high-quality and high-technology industries of California.

UNIVERSITY OF CALIFORNIA
UCRIVERSIDE | *Academic
Senate*

October 15, 2009

TO: ANTHONY NORMAN, CHAIR
RIVERSIDE DIVISION

FR: JOSE WUDKA, CHAIR 
COMMITTEE ON EDUCATIONAL POLICY

RE: DIFFERENTIAL FEE PROPOSAL

The Committee on Educational Policy met on October 9 and discussed the differential fee proposal. The Committee found the motivation behind the increase unconvincing, the proposal itself inconsistent, and the consequences of the fee increase, potentially negative. The Committee respectfully suggests that the proposal be withdrawn or revised to answer our serious concerns detailed below.

The President provided two justifications for the fee increase. First, that students in the two areas concerned are expected to secure higher paying jobs after graduation, and so can afford to burden themselves with more grievous debts, and, second, that the programs themselves are more expensive to run in view of the higher faculty salaries they demand, and so should be subsidized by higher fees.

Though on average graduating students in these programs might command higher salaries, there is no guarantee that this will be the case for a particular student. Faced with higher debts, students in depressed economic conditions will be discouraged from applying to these programs, while those already in them might wish to transfer. In particular, the UCR engineering program, already facing retention issues would have to overcome this additional hurdle.

The CEP was also concerned that this policy might limit access of economically disadvantaged to these programs and be detrimental to the diversity of the student population; it is unclear whether financial aid will be increased to offset this problem. In addition, there was also concern that the additional financial burden would discourage graduates from performing any type of pro-bono work.

The argument that these fees are needed to offset the higher faculty salaries is belied by the manner in which the monies are disbursed; they are not earmarked for the programs in question to off-set their cost, but distributed at the discretion of the chancellors. We are also concerned that, once made public, this argument can cause serious embarrassment to the University in such headlines as, "Students required to pay more to support higher faculty salaries." which will feed the negative public perception of the institution as an elite body, unconcerned with undergraduate students, and potentially lead to yet another public relations disaster.

The CEP is also concerned that the imposition of differential fees would lead to a differential valuation of the majors themselves by linking, even if informally, "cost" to "worth". We see nothing in the proposal that aims at preventing this from occurring.

From: "UCR Academic Senate, Sellyna Ehlers" <sehlers@ucr.edu>
To: "Sarah Miller" <sarah.miller@ucr.edu>
Subject: FW: fee differential
Date: Thu, 15 Oct 2009 15:22:50 -0700
X-Mailer: Microsoft Office Outlook 12.0
Thread-Index: AcpNrtUykr6aGKP2Tz2cBRTVbkwGMAANy+cQ
X-Junkmail-SD-Raw: score=unknown,
refid=str=0001.0A090204.4AD7A0BA.0200,ss=1,fgs=0,
ip=0.0.0.0,
so=2009-03-06 19:59:02,
dmn=5.7.1/2009-08-27,
mode=single engine
X-Junkmail-IWF: false
X-Junkmail-Status: score=0/50, host=sentrell.ucr.edu

FYI

—Original Message—

From: David Herzberger [<mailto:David.Herzberger@UCR.edu>]
Sent: Thursday, October 15, 2009 8:48 AM
To: UCR Academic Senate, Sellyna Ehlers
Subject: fee differential

I am writing to let you know (if it is not too late) that the CHASS Executive Committee met yesterday and voted not to endorse the fee differential proposal that had been forwarded to us. The vote was 3 against, 1 in favor, and 1 abstention. Most of the discussion centered around opposition to the proposal, with two main concerns: 1) access to UC as a whole is already being made more difficult, and the proposed additional fees on top of the recent increases seem grossly unfair; 2) to justify the proposed increase, even in part, on projected earnings of graduates in business and engineering, seemed to some committee members to not reflect the varying realities of the job market.

That's basically it. As I say, I don't know if it is too late to chime in.

Thanks.

David Herzberger (on behalf of CHASS Exec).

Professor and Chair
Department of Hispanic Studies
HMNSS Room 2422
University of California, Riverside
Riverside, CA 92521
Telephone: 951-827-1476
FAX: 951-827-2294



October 14, 2009

TO: Anthony Norman, Chair
Academic Senate

FM: Carol Lovatt, Chair
Planning and Budget

RE: Differential Charges by Undergraduate Program

UCR Planning and Budget Committee (P&B) reviewed the proposal "Differential Charges by Undergraduate Program of Study" on October 9, 2009. The majority (5 members) of the committee was opposed to charging a differential fee for certain undergraduate programs for the purpose of raising revenue for the University. The selection of Business in addition to Engineering makes it clear that the goal is not to cover the cost of offering a specific program of study but to simply gain financially from popular majors. Charging students increased fees based on their potential future earning power by degree program represents an unacceptable tax on future income. Charging an additional fee for engineering programs counters the efforts of each campus to foster greater access to STEM majors for under-represented minorities and makes attaining a degree in Engineering even more remote for students from low-income families even with a 33% return-to-aid. P&B believes that the University of California can create a less onerous means for improving its revenue stream. Implementation of differential charges by undergraduate program would have a significant negative impact on UCR students, many of whom already rely heavily on financial aid and/or must work while attending UCR. Four committee members preferred raising fees for all students instead of charging a differential fee by undergraduate program.

Two members felt that the finances of the State and the University of California system were so compromised that Differential Charges by Undergraduate Program should be implemented along with increases in fees. However, they raised questions about the distribution of the revenue generated and whether programs carrying the added charge would benefit financially from it.

A single member voted against both increasing fees and charging differential fees by undergraduate program.



ACADEMIC SENATE
Santa Barbara Division
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Joel Michaelsen, Chair
Deborah Karoff, Executive Director

December 4, 2009

Henry Powell, Chair
Academic Senate

RE: Proposal for Differential Fees for Business and Engineering Students

Dear Harry,

Several Councils and Committees in the UCSB Division reviewed the proposal for differential fees for Business and Engineering Students as proposed by the Office of the President, including Undergraduate Council (UgC), Council on Planning and Budget (CPB), the Diversity and Equity Committee (D&E) and the Faculty Executive Committees (FEC's) from the College of Engineering, the College of Letters and Science and the College of Creative Studies. While reasons differed, all of the reviewing groups were unanimous in a strong rejection of the proposal.

Of primary concern to all of the reviewing groups is the basic principle that one major should have greater fees associated with it over another major. UC does not have a history of valuing or devaluing one academic discipline over another and many groups believe that the basic idea is a slippery slope that would create greater divisions among disciplines, colleges and potentially campuses within the UC system. There is no pedagogical rationale for charging different fees for different majors and it is antithetical to trying to encourage a full breadth of academic inquiry among UC students. There is the question among some groups that students would create a "work-around" by taking relevant coursework but delaying the declaration of a major to avoid increased fees, thereby reducing potential revenue.

Most of the reviewing groups believe that valuing the educational experience based on future earnings is a flawed premise. The Faculty Executive Committee from the College of Creative Studies states that "imposing higher fees on those in fields of higher income potential (i.e. Engineering and Business) is philosophically wrong and would present an obstacle for some students who are in lower income brackets." CPB and other groups believe that future earnings potential should never guide the development of any fee structure; fees should be based on costs not future earnings.

All groups found the proposal lacking in specificity and substantive data or cost modeling to support the basic premise or rationale. A proposal that included greater clarity about the basic rationale and where the additional revenues would be directed would help all groups in understanding some of the basic elements of the proposal; the absence of that kind of analysis is notable. Of great concern to all is the question of where the revenues collected from the differential fee system would be directed. Would it go to support the Business and Engineering programs and if so, would those programs then receive reduced allocations from other sources based on the newer revenue source? The College of Engineering Faculty Executive Committee would support a differential fee structure if, and only if, the

new funds were provided directly to the college with no reduction in other campus funding. In their view, this new revenue source would support the academic objectives of the College of Engineering, including financial aid.

Both the Undergraduate Council (UgC) and the Diversity and Equity Committee (D&E) were concerned about access and equity issues for underrepresented students especially given the recent, significant fee hike last month. D&E recommends that money generated through this proposal be earmarked to the specific departments affected rather than to central administration to be utilized expressly for recruitment and retention of underrepresented students. They also advocate that a sliding scale based on family income be instituted for all current and future students rather than one fee applied across the board.

UgC is unimpressed with the argument that 'other universities in the nation are implementing such measures so we should too.' Furthermore, they call attention to the fact that the dissertation that reports the growing number of universities implementing differential fees also reports that an equal number of universities have considered *and rejected* implementing them.

In its deliberations, UgC has learned that some engineering departments are already considering raising lab fees in order to cover increased costs. In fact, many majors have lab or studio fees associated with a class which are used to directly support those activities. UgC sees no evidence that OP is taking the ramifications of these types of additional fees into consideration with its proposal. Furthermore, UgC is concerned that OP may be reducing the issue to a consideration of faculty salaries and their higher rates in engineering and business. UgC and other groups are concerned that if students in either of these majors were to believe (however accurately or not) that their higher costs were simply paying higher salaries, a public relations problem could easily ensue.

The UCSB Division does not support the concept of differential fees for specific majors. Should there be future consideration of the idea of differential fees, we urge the administration to consider and address the concerns and questions contained in this letter.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Joel Michaelsen".

Joel Michaelsen, Chair
UCSB Division



1156 HIGH STREET
SANTA CRUZ, CALIFORNIA 95064

Office of the Academic Senate
SANTA CRUZ DIVISION
125 CLARK KERR HALL
(831) 459 - 2086

December 4, 2009

Henry Powell, Chair
Academic Council

RE: UCSC Response to Proposal on Differential Fees

Dear Harry,

The UCSC Division of the Academic Senate reviewed the proposal on differential fees and received comments from the following local committees: Committee on Affirmative Action and Diversity (CAAD), Committee on Admissions and Financial Aid (CAFA), Committee on Educational Policy (CEP), and the Committee on Planning and Budget (CPB).

UCSC concurs with UCPB's clear recommendation that the proposal be deferred. Like UCPB, it finds that the lack of consultation with the Academic Senate at the outset, the absence of analysis, and the timing of the proposal are troublesome. In particular, an analysis of the effects of the proposal on access and diversity of the student population, as well as on students' decision-making regarding majors, is not provided. This analysis is absolutely critical and must be conducted sufficiently in advance of both agenda-setting and decision-making.

A significant fraction of the members of the solicited committees think this proposal is a big step on the road to privatization and reduced access to students from middle and low income families and amounts, in fact, to the end of the University of California as the premier institution of higher education in the United States. Other members expressed the view that the proposal lacks logical coherence and could possibly discourage enrollments in areas of state and national critical needs, such as engineering.

The uses to which the money generated by differential fees structures is not specified at all in the proposal and a detailed analysis needs to be provided before any advice can be given. Where would the money go and how would it be redistributed? Would a differential recharge structure apply to those departments or schools whose students would be charged these differential fees?

Our Divisional response can be summarized in the words of one of my campus colleagues, a member of one of our solicited committees: "I oppose differential fees as a matter of principle. I believe in the UC as a public institution based as much on principles of access, affordability and quality as on the active

promotions of social mobility, social integration, intercultural understanding, and economic creativity open to all.”

The proposal is ill-conceived and methodologically problematic. At times the proposal document justifies differential fees by higher costs, but elsewhere indicates that increased revenue might not flow to those programs. Even more troubling is the lack of analysis of whether higher fees will result in a reduction in demand. Furthermore, there is no consideration of whether students might game the system. If higher fees are imposed only at the junior and senior level and not in summer school, we might expect some students to take as many business classes as possible in their first and second years, as well as taking classes in Summer school, then delay declaring their major, to avoid some of the fees.

Finally, and most importantly, we are concerned about the adverse impact such fees might have on students of color and/or women, both of whom are significantly underrepresented among students at the Baskin School of Engineering here at UCSC. Students of color tend to be those with lower family incomes and less privileged backgrounds.

A differential fee structure undermines the case for public funding, as does the use of earnings potential as a justification for those higher fees. We have serious reservations about this proposal, which would reverse a long-standing practice of charging undergraduates the same fees regardless of their major, campus or professional goals. We do not find these arguments compelling due to the lack of supporting data concerning instructional costs and salaries in business and engineering relative to other disciplines. Furthermore, we do not believe that it would be appropriate to adopt differential fees merely because they are in use at other institutions. In summary, we do not believe that there is compelling reason to introduce differential fees for undergraduate programs in business and engineering at this time. The relatively small amount of additional revenue that will be generated by this proposal does not appear to justify its negative impact on our students and their families.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Kletzer". The signature is written in a cursive, flowing style.

Lori Kletzer, Chair
Academic Senate
Santa Cruz Division



OFFICE OF THE ACADEMIC SENATE

9500 GILMAN DRIVE
LA JOLLA, CALIFORNIA 92093-0002
TELEPHONE: (858) 534-3640
FAX: (858) 534-4528

October 20, 2009

Professor Henry C. Powell
Chair, Academic Senate
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200

Subject: The Regents Item F1 and Proposed Student Fee Increases

Dear Harry,

The Senate Council of the San Diego Division considered The Regents Item F1 at its meeting on October 5, 2009, discussing the proposed mid-year fee increase for 2009-10, the proposed fee increase for 2010-11, and the proposed differential fee increase by discipline. The material from Interim Provost Pitts regarding the latter proposal, transmitted to Divisions on October 8, was subsequently considered by the Council via email; comments about the proposed differential fee increase by discipline were also specifically solicited from the Divisional Committees on Admissions, Diversity and Equity, Educational Policy, and Planning and Budget.

Although most attention was focused on the proposed differential fee increase, Council members had some comments about the proposed fee increases for mid-year 2009-10 and 2010-11. Concern was expressed that directly connecting increased fees with faculty salaries and/or ending the furlough/salary reduction plan would lead to antagonism between faculty and students – two groups that should be on the same side in supporting the University's efforts to maintain educational quality.

The Senate Council could not rationally discuss, much less endorse, the proposal for differential fees by discipline because of the lack of supporting analysis. The material provided by Interim Provost Pitts outlines a number of important questions that must be addressed before it makes sense to move this proposal forward to The Regents. The need for honest and reliable independent data on the costs of offering all majors was repeatedly emphasized by Committee and Council reviewers. The data provided on differential fees instituted by comparable institutions was seen as making the proposal plausible, but not compelling. Some reviewers viewed these data as a way to justify not having differential fees and thus distinguish the University of California as superior to peer institutions. Other reviewers even went so far as to say that the only circumstances under which they might consider a proposal for differential fees would be if such a proposal uniformly considered all majors based on costs. The lack of analysis led Council members to make various assumptions about the proposal. One implicit assumption, that the delivery of instruction at a public university should be governed by forces of supply and demand, was rejected by some Council members on philosophical grounds.

In addition, some members thought that charging differential fees by discipline was a dangerous step away from the California Master Plan for Education and would change access to the University by

funneling students into majors based on their economic capacity and the perceived future earning potential of the major, rather than ability or interest. Others saw this approach as a first step down the road to placing value on different fields of study and charging accordingly, thus placing the University on the slippery slope to incentivizing certain majors or to limiting access, by wealth, to different majors.

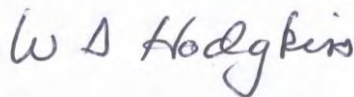
The Committee on Educational Policy was particularly concerned that a major, potential impact of differential fees would be excessive and disruptive shifts among upper division students in declaring and changing majors. What would prevent students from changing to a major with higher fees at the last possible moment before graduation? Would students financially challenged by the proposed general fee increases find themselves unable to pursue engineering or business majors because of the additional, differential fees? The existing mechanism of charging instructional material and laboratory fees for courses that are expensive to offer remains a viable alternative. This approach, at least, would not lead to substantial shifts in declared majors by students trying to minimize the cost of their education and has the advantage of directing the income to actual course expenses.

While some reviewers found the increased revenue estimates to be optimistic, all asked how the increased fee revenue would be distributed, e.g., whether or not it would be directed toward the departments whose students were being charged extra. The Budget Development Briefing Paper from Interim Provost Pitts suggests that differential fees would address the larger issue of campus funding shortfalls and would not necessarily be returned to the units generating those funds (“Because the fee is being implemented to address the University’s budget shortfalls, rather than engineering and business program quality issues, at the campus level, funds would be allocated at the discretion of the Chancellor.”) Yet, earlier in the same document, the rationale given for implementing such fees is based on the differing costs of offering specific majors (“The University is currently exploring implementing differential fees for students at the upper-division level...in business and engineering, in recognition of the higher costs associated with offering these programs.”) The possibility of imposing a “tax” on some students in order to address a general budget shortfall is not likely to be viewed as fair or appropriate by either our students or their parents.

Concerns about negative impacts on diversity, how such differential fees would change the complexion of the University, and the rationale for charging differential fees to only undergraduates were voiced. Such fees could hurt the University’s diversity efforts and discourage students of many income levels from making bold choices in their educational directions.

Council members also questioned the process that gave rise to the differential fees by discipline idea. The lack of appropriate consultation with the Senate prior to this item being placed on The Regents agenda was especially troubling and led some Council members to reject outright the proposal.

Sincerely,



William S. Hodgkiss, Chair
Academic Senate, San Diego Division

cc: Divisional Vice Chair Frank Powell
Academic Council Vice Chair Daniel Simmons
Executive Director Martha Winnacker



BOARD OF ADMISSIONS AND RELATIONS WITH SCHOOLS (BOARS)

Sylvia Hurtado, Chair
sylvia.hurtado@gmail.com

Assembly of the Academic Senate
1111 Franklin Street, 12th Floor
Oakland, CA 94607-5200
Phone: (510) 987-9466
Fax: (510) 763-0309

December 10, 2009

HENRY POWELL, CHAIR
ACADEMIC COUNCIL

Re: Differential Fees for Engineering and Business Majors

Dear Harry,

The Board of Admissions and Relations with Schools (BOARS) has discussed a proposal to implement differential fees for upper-division engineering and business majors, and a suggestion from the University Committee on Planning and Budget that BOARS examine the proposal's specific potential impact on student access.

BOARS strongly opposes differential fees for any undergraduate major for the following reasons:

- 1) The proposal opens the door to the expansion of differential fees because it is unlikely to provide sufficient funding as proposed.
- 2) A differential fee program could inhibit access for low-income and first-generation college students at a time when UC undergraduates are already facing a 32% fee increase.
- 3) Revenues raised from the fees will not directly benefit business and engineering students or departments.
- 4) Many science and engineering students already pay differential course materials fees requested by campus administrators and approved by Student Fee Advisory Committees. These fees would have to be reconsidered in light of the potential additional fee burden to students in Science, Technology, Engineering, and Math (STEM) fields.
- 5) Differential fees would be difficult to implement effectively and could distort student choice and academic planning.
- 6) Differential fees are inconsistent with UC's public mission.

Potential for Expansion

UCOP sees the differential fee proposal as a way to help address the budget crisis. The Issues Summary prepared for the Regents notes that for other institutions, “cost recovery has been a principal motivator of undergraduate tuition differentials.” It also cites data showing that the differential fees charged by other institutions typically comprise an average of 2% of total tuition/fee revenue. The document projects, however, that UC could generate only 0.2% or 0.5% of its core budget through a fee differential of \$500 or \$1,500 charged to upper division engineering and business students. UC would have to charge a \$2,500 differential to both upper and lower division business and engineering majors to collect more than 1% of its core budget (see Budgetary Impact, Table 1 pg. 2). Differential fees then, can only successfully meet the 2% benchmark if greatly expanded. Therefore, the proposal for a \$900 differential fee for upper division business and engineering students opens the door to greater expansion of differential fees to other programs and/or in larger amounts to business and engineering students, because it is unlikely that these initial fee differentials would have a significant impact on UC’s budget problems without a broad expansion.

Disparate Impact on Low-Income and First-Generation College Students

BOARS is particularly concerned about the potential impact of differential fees on the ability of students, especially low- and middle-income students, to access engineering and business programs. A new differential fee combined with the fee increases just approved by the Regents would represent a 38% increase in systemwide resident fees for engineering and business students. BOARS has obtained data from the Office of Institutional Research, drawn from UC StatFinder, about the demographic characteristics and persistence and graduation rates of freshmen and transfers intending to enroll in engineering and business majors as well as those actually enrolled as upper division students in those majors. We know that overall for 2008-09 and as a consistent average between 2000-01 and 2008-09, in comparison to students in other disciplines:

- 1) A greater percentage of freshman and transfer engineering majors and students intending to major in business are low income, defined as parent income under \$40,000 in 2001 constant dollars.
- 2) A higher percentage of freshman and transfers intending to major in business are first generation college—defined as “neither parent having completed a four-year college degree.” A higher percentage of transfer engineering majors but a lower percentage of freshmen in engineering are also first-generation college.
- 3) A lower percentage of engineering majors and students intending to major in business (both freshmen and transfers) are from underrepresented minority groups (American Indian, African American, and Chicano-Latino).
- 4) More underrepresented students are in the pool of *intended* engineering and business majors than in the pool of students actually enrolled as upper-division engineering and business students. Data show there is little demographic difference in the characteristics of students actually enrolled as upper division engineering and business majors. However, students tend to switch majors before they reach upper division, indicating this is only a snapshot at this stage. It is possible that differential fees could accelerate the decline of underrepresented students in business and engineering from freshman to junior year.

- 5) A higher percentage of engineering majors and those eventually choosing a business major (both freshman and transfers) are retained after one year than in other majors.
- 6) A higher percentage of business majors (both freshman and transfers) graduate after six years compared with other majors. A higher percentage of transfer engineering majors graduate in six years, but a slightly lower percentage of engineering majors entering as freshmen graduate in six years.

These data shed some light on the potential impact of differential fees on access to UC, but there are several caveats we should mention. We know that some populations are price sensitive and loan averse, but it is hard to prove that an additional \$900 would make a difference in student choice, especially at the same time as an across the board fee increase. Differential fees are also more likely in institutions with decentralized budgeting systems that are responsible for their own expenditures and revenues—indicating that there is an expectation among students that additional costs result in additional benefits in specific schools and colleges generating the revenue. It is also difficult to evaluate the impact of differential fees on business students, because most UC campuses do not admit freshmen into business.

We do know that schools of engineering and business enroll their share of first-generation and low-income college students. It is not clear that UC would further disadvantage already disadvantaged students with a differential fee until we can determine how these fees will look in relation to financial aid packages; otherwise, it is unlikely that business and engineering students can afford to pay higher fees when fees are already going up 32%. In the long run, public disinvestment and higher fees could discourage underrepresented and low-income students from pursuing these critical majors that could otherwise help increase economic development in underserved communities.

No Direct Benefit to the Academic Programs, and Fails to Take Into Account Current Fees

It is clear from the proposal that the differential fees would not necessarily be retained by engineering and business departments or courses and would not necessarily benefit upper-division students in those majors. Instead, the fees would go to the Chancellor's discretionary fund, and will not necessarily be applied to business and engineering program costs. It is unfair to charge students more without any actual benefit to the students paying these fees. Students should have the freedom to choose a course of study without regard to cost.

Many science and engineering students already pay additional course materials fees to cover lab and other course-specific costs. Such fees go directly to the department, unlike this proposed differential fee. UCLA's Student Fee Advisory Committee, for example, reviewed 17 course materials fee proposals for science and engineering students last year and recommended to Chancellor Block the adoption of all proposals to increase fees or establish new fees; however, the SFAC continually expressed concern about the uneven nature of these fees and the net cost of education for science and engineering students as compared to other disciplines. When students were surveyed (as required by the policy to increase or establish a course materials fee) they did not object to an increase if it had a direct educational benefit; however, students likely will reconsider this position if a differential fee becomes a serious consideration.

Concerns about Successful Implementation

We are also concerned about UC's ability to implement differential fees successfully. The projections in Table 1's about the revenue differential fees (Regents item) would generate do not

account for student behavior. Many students would undoubtedly find a way to game the system. We can foresee many students waiting until senior year to declare a major, or declaring a different major simply to meet UC deadlines while taking business classes, and then switching majors just before graduation to avoid differential fees. More generally, differential fees would distort student choice and make academic planning more difficult. Students may be discouraged from declaring and obtaining the necessary support of their program in a timely manner.

Differential Fees are at odds with the UC Public Mission

Finally, we are concerned that differential undergraduate fees could fundamentally change UC's public character by introducing the logic of private enterprise into the University's educational mission. UC's objective in providing an undergraduate education is not merely to provide students with practical skills and a better chance of finding employment at graduation. UC aims to provide students with a broad education; and in doing so, views all disciplines uniformly, and treats all student "citizens" equally and on the basis of knowledge, not ability to pay. In contrast, the differential fee model creates two classes of student citizens and regards the University as more of a business than a public institution producing a public good. By endorsing this financial model, UC will have accepted privatization as inevitable.

Moreover, higher fees generally and differential fees in particular, could impact UC's ability to claim state resources. The state is likely to view UC's endorsement of the differential fee model as another reason to withhold support. The model may also lead to increased funding of areas assumed to be potential revenue-producers rather than knowledge-producers.

In conclusion, BOARS strongly opposes differential fees for any undergraduate major for the reasons above. We urge UC to explore strategies and actions that maintain educational excellence, accessibility, and affordability for California residents, and we strongly suggest that UC conduct additional research, including student surveys and analyses by UCEP and campus undergraduate councils, before implementing any differential fee program.

We also ask the Academic Council to remind the UC Commission on the Future working groups and any other entities that may be reviewing the differential fee proposal that access and affordability are central components of the public university and the UC identity. We fear that the Commission is starting from a position of wanting to find solutions to the budget crisis; but in doing so, there is a risk that it will view access and affordability as a less than central concern. We urge the Commission to not let short-term budget issues drive a radical change in our values and identity as a public institution.

Sincerely,



Sylvia Hurtado
BOARS Chair

Encl.

cc: BOARS
Martha Winnacker, Senate Executive Director

Characteristics of UC Upper Division Undergraduates by Major Systemwide, 2008-09

	All Upper Division Students ¹	Business Majors ²			Engineering Majors ³			Other Majors				
		Broad	Medium	Narrow	Engineering	Computer Science	Double Major Business/ECS ⁸	Physical Science	Life Science	Humanities	Social Science/Other	Multiple Majors
Headcount	105,118	13,377	7,995	7,215	9,527	1,628	162	4,903	19,285	16,677	35,705	3,854
Entered as Freshman	64%	65%	66%	67%	71%	64%	88%	60%	73%	59%	59%	65%
Entered as Transfer	36%	35%	34%	33%	29%	36%	12%	40%	27%	41%	41%	35%
Upper Division "FYE"⁴	93,783	11,959	7,186	6,500	8,788	1,441	150	4,389	17,484	14,727	31,263	3,582
Entered as Freshman	64%	66%	66%	67%	71%	64%	88%	60%	73%	59%	59%	64%
Entered as Transfer	36%	34%	34%	33%	29%	36%	12%	40%	27%	41%	41%	36%
Demographic Profile												
% URM ⁶	18%	12%	13%	13%	13%	11%	9%	14%	13%	23%	24%	20%
% International	3%	6%	5%	5%	5%	5%	6%	4%	2%	1%	2%	2%
% Nonresident (dom. Or intl)	6%	9%	8%	8%	8%	7%	9%	8%	5%	4%	5%	5%
% Female	52%	40%	39%	39%	20%	11%	17%	40%	57%	58%	64%	58%
% First generation ⁷	34%	34%	35%	34%	31%	28%	30%	35%	34%	32%	37%	34%
Parent Income⁹												
Median parent income	\$83,190	\$83,000	\$82,783	\$83,337	\$88,066	\$91,479	\$86,649	\$82,597	\$83,727	\$89,426	\$78,893	\$79,723
% \$60K or under	38%	39%	39%	39%	36%	32%	35%	38%	38%	35%	40%	39%
% \$60 to \$120K	30%	29%	29%	29%	32%	33%	34%	31%	31%	31%	30%	29%
% \$120K to \$180K	17%	16%	16%	17%	18%	18%	16%	16%	17%	18%	16%	16%
% above \$180K	15%	16%	16%	16%	15%	16%	15%	15%	14%	16%	14%	16%
Needbased Aid Receipt												
% Needbased aid recipients	50%	45%	46%	45%	47%	42%	43%	51%	50%	49%	52%	53%
% Pell grant recipient	31%	29%	29%	29%	30%	25%	27%	33%	32%	30%	33%	33%
% Cal grant recipient	24%	23%	24%	24%	22%	18%	22%	22%	25%	21%	26%	28%
% UC grant recipients	39%	35%	34%	33%	37%	31%	34%	39%	38%	37%	41%	42%
% Grant aid recipients	47%	43%	43%	43%	45%	39%	45%	48%	47%	46%	49%	50%
Annual Borrowing												
% Borrowing	41%	37%	37%	37%	38%	35%	35%	41%	39%	44%	44%	45%
Average annual borrowing ¹⁰	\$7,680	\$7,499	\$7,660	\$7,810	\$7,335	\$7,600	\$7,284	\$7,267	\$7,342	\$8,179	\$7,747	\$8,153
Per capita annual borrowing	\$3,185	\$2,743	\$2,834	\$2,909	\$2,764	\$2,656	\$2,518	\$2,979	\$2,847	\$3,627	\$3,442	\$3,664

Source: UCOP Corporate Student System, registration and financial aid files

¹ Student level of 3 or 4 and enrolled in 7th quarter (5th semester) or beyond for entering freshman. Student level of 3 or higher for students entering as transfers.

² Business major categories:

Broad - any business major (CIP 52) at any campus, any economics major (CIP 45.06) at any campus, plus Davis Agricultural Business Majors

Medium - business majors (CIP 52) at any campus plus Davis Agricultural Business majors

Narrow - business majors (CIP 52) at any campus

³ Engineering majors (CIP 14) and Computer Science majors (CIP 11) at any campus

DRAFT - NOT FOR DISTRIBUTION

⁴ Reflects full-year upper division equivalent enrollment for students who spend part of the academic year as lower division and part as upper division according to the definition used here.

⁵ Average among needbased students

⁶ Includes domestic african-american, hispanic/chicano/latino, and american indian

⁷ Neither parent is a 4-year college graduate. Does not include those whose parent education level is unknown (about 13 percent)

⁸ Includes Broad definition of Business major combined with Engineering or Computer Science

⁹ All income figures are among financially dependent students. Reflects income from FAFSA for those who filed a FAFSA. For all other students it reflects income from the admissions application or an imputed value

¹⁰ Average amount borrowed during 2008-09 among those who borrowed

Note: all percentages based on upper division headcount

University of California Office of the President

Characteristics of UC ENGINEERING and BUSINESS MAJORS: NEW ENROLLEES 2000 - 2008											
Intended Field of Study and Applicant Type		PERCENT FIRST GENERATION COLLEGE									2000-2008 Average
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	
Engineering	Transfer Applicant	47.8%	47.9%	46.0%	46.2%	44.6%	46.4%	43.6%	43.6%	43.8%	45.6%
	Freshman Applicant	28.6%	29.9%	28.3%	28.5%	29.8%	33.0%	32.9%	33.8%	32.6%	30.9%
	Total	32.8%	33.5%	32.1%	32.5%	32.8%	35.6%	34.8%	35.7%	34.6%	33.9%
Business, Management, Marketing	Transfer Applicant	40.9%	45.6%	44.7%	42.0%	44.0%	48.4%	45.8%	40.6%	45.4%	44.2%
	Freshman Applicant	41.3%	39.1%	42.4%	41.4%	40.5%	43.8%	38.3%	39.1%	40.5%	40.5%
	Total	41.1%	41.9%	43.4%	41.6%	42.0%	45.7%	40.8%	39.6%	42.2%	42.0%
All Other Disciplines	Transfer Applicant	42.1%	43.5%	42.2%	43.7%	43.4%	43.3%	42.4%	42.0%	43.5%	42.9%
	Freshman Applicant	32.6%	33.2%	34.3%	34.9%	34.7%	34.8%	35.7%	37.1%	37.8%	35.1%
	Total	35.5%	36.5%	36.8%	37.6%	37.5%	37.6%	37.8%	38.6%	39.5%	37.5%
Total	Transfer Applicant	42.5%	43.9%	42.6%	43.8%	43.5%	43.8%	42.6%	42.0%	43.6%	43.1%
	Freshman Applicant	32.4%	33.0%	34.0%	34.5%	34.4%	35.0%	35.6%	36.8%	37.3%	34.9%
	Total	35.4%	36.4%	36.6%	37.2%	37.3%	37.8%	37.7%	38.4%	39.2%	37.4%

University of California Office of the President

Characteristics of UC ENGINEERING and BUSINESS MAJORS: NEW ENROLLEES 2000 - 2008											
Intended Field of Study and Applicant Type		PERCENT LOW INCOME (Parent Income Under \$40,000 in 2001 Constant Dollars)									
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2000-2008 Average
Engineering	Transfer Applicant	32.7%	34.9%	35.2%	33.4%	39.1%	28.2%	28.6%	29.6%	24.6%	31.8%
	Freshman Applicant	20.6%	21.6%	21.1%	21.8%	23.3%	26.2%	27.3%	28.0%	26.5%	24.2%
	Total	23.2%	24.2%	24.1%	24.5%	26.5%	26.6%	27.5%	28.3%	26.2%	25.7%
Business, Management, Marketing	Transfer Applicant	23.0%	26.8%	23.2%	25.8%	32.6%	25.2%	25.6%	24.1%	25.6%	25.8%
	Freshman Applicant	26.0%	23.9%	27.2%	28.0%	28.4%	33.1%	29.9%	30.1%	32.0%	29.3%
	Total	24.7%	25.1%	25.5%	27.1%	30.2%	29.9%	28.4%	28.1%	29.8%	28.0%
All Other Disciplines	Transfer Applicant	24.0%	24.4%	23.7%	26.7%	30.6%	21.6%	23.1%	23.1%	23.0%	24.4%
	Freshman Applicant	24.2%	23.9%	24.2%	25.9%	26.1%	27.6%	28.5%	30.2%	30.1%	26.9%
	Total	24.2%	24.1%	24.0%	26.1%	27.5%	25.6%	26.9%	28.0%	27.9%	26.1%
Total	Transfer Applicant	24.6%	25.3%	24.4%	27.1%	31.2%	22.2%	23.5%	23.6%	23.3%	25.0%
	Freshman Applicant	23.9%	23.6%	23.9%	25.5%	25.9%	27.6%	28.5%	29.9%	29.8%	26.7%
	Total	24.1%	24.1%	24.1%	26.0%	27.6%	25.9%	27.0%	28.0%	27.9%	26.1%

University of California Office of the President

Characteristics of UC ENGINEERING and BUSINESS MAJORS: NEW ENROLLEES 2000 - 2008											
Intended Field of Study and Applicant Type		PERCENT LOW UNDERREPRESENTED MINORITY (Am Indian, African American, Chicano-Latino)									
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2000-2008 Average
Engineering	Transfer Applicant	11.0%	12.0%	11.1%	11.0%	9.6%	11.7%	13.1%	14.4%	14.0%	12.0%
	Freshman Applicant	10.9%	10.9%	11.1%	12.0%	13.8%	15.3%	15.7%	17.0%	17.6%	14.0%
	Total	11.0%	11.1%	11.1%	11.8%	12.9%	14.6%	15.3%	16.5%	16.9%	13.6%
Business, Management, Marketing	Transfer Applicant	15.4%	18.7%	16.9%	14.2%	13.5%	14.4%	16.1%	14.7%	14.9%	15.3%
	Freshman Applicant	20.5%	21.5%	21.1%	22.3%	23.0%	24.0%	21.8%	20.4%	24.7%	22.3%
	Total	18.3%	20.3%	19.4%	19.0%	19.0%	20.1%	19.9%	18.5%	21.3%	19.6%
All Other Disciplines	Transfer Applicant	17.5%	18.6%	19.0%	18.8%	18.9%	19.1%	19.4%	20.3%	20.5%	19.2%
	Freshman Applicant	16.3%	17.0%	17.6%	18.0%	17.7%	18.2%	19.2%	21.1%	22.9%	18.8%
	Total	16.7%	17.5%	18.0%	18.2%	18.1%	18.5%	19.3%	20.9%	22.2%	18.9%
Total	Transfer Applicant	16.9%	18.1%	18.4%	18.0%	18.0%	18.4%	18.9%	19.5%	19.7%	18.5%
	Freshman Applicant	15.8%	16.3%	17.0%	17.5%	17.5%	18.1%	19.0%	20.6%	22.4%	18.4%
	Total	16.1%	16.9%	17.4%	17.6%	17.7%	18.2%	19.0%	20.3%	21.6%	18.4%

University of California Office of the President

Characteristics of UC ENGINEERING and BUSINESS MAJORS: NEW ENROLLEES 2000 - 2008											
Most Recent (ACTUAL) Field of Study and Applicant Type		ONE-YEAR PERSISTENCE (Fall Term Entrants)									2000-2007 Average
		Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008	
Engineering	Transfer Applicant	93.5%	95.4%	95.0%	93.9%	95.2%	93.7%	93.0%	93.7%	Not Available	94.2%
	Freshman Applicant	93.0%	92.3%	94.1%	92.8%	91.3%	91.9%	92.9%	91.8%		92.5%
	Total	93.1%	92.9%	94.3%	93.1%	92.2%	92.2%	93.0%	92.2%		92.8%
Business, Management, Marketing	Transfer Applicant	93.9%	94.2%	94.2%	92.4%	92.6%	93.8%	93.5%	91.3%		93.1%
	Freshman Applicant	94.5%	93.8%	92.9%	93.4%	94.0%	93.5%	91.3%	92.3%		93.2%
	Total	94.3%	93.9%	93.3%	93.1%	93.6%	93.5%	92.0%	92.0%		93.1%
All Other Disciplines	Transfer Applicant	91.3%	91.7%	90.7%	91.6%	91.8%	91.7%	92.0%	91.5%		91.6%
	Freshman Applicant	92.1%	92.3%	91.6%	91.9%	92.4%	92.0%	92.3%	91.9%		92.1%
	Total	91.9%	92.1%	91.3%	91.8%	92.2%	91.9%	92.2%	91.8%		91.9%
Total	Transfer Applicant	91.6%	92.0%	91.2%	91.8%	92.1%	91.9%	92.2%	91.6%	91.8%	
	Freshman Applicant	92.3%	92.4%	91.9%	92.0%	92.4%	92.1%	92.3%	91.9%	92.2%	
	Total	92.1%	92.3%	91.7%	92.0%	92.3%	92.1%	92.3%	91.8%	92.1%	

University of California Office of the President

Characteristics of UC ENGINEERING and BUSINESS MAJORS: NEW ENROLLEES 2000 - 2008											
Most Recent (ACTUAL) Field of Study and Applicant Type		SIX-YEAR GRADUATION RATES (Fall Term Entrants)									2000-2002 Average
		Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008	
Engineering	Transfer Applicant	87.8%	89.9%	90.9%	Not Available						89.6%
	Freshman Applicant	80.9%	78.6%	82.4%							80.6%
	Total	82.4%	80.8%	84.3%							82.5%
Business, Management, Marketing	Transfer Applicant	89.9%	88.7%	90.4%							89.7%
	Freshman Applicant	85.7%	85.5%	86.1%							85.8%
	Total	86.7%	86.3%	87.3%							86.8%
All Other Disciplines	Transfer Applicant	85.7%	86.3%	86.6%							86.2%
	Freshman Applicant	80.7%	81.4%	82.0%							81.4%
	Total	82.1%	82.8%	83.3%							82.7%
Total	Transfer Applicant	86.0%	86.7%	87.1%							86.6%
	Freshman Applicant	81.0%	81.4%	82.3%							81.6%
	Total	82.4%	82.8%	83.6%							82.9%

UNIVERSITY OF CALIFORNIA, ACADEMIC SENATE

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UNIVERSITY COMMITTEE ON AFFIRMATIVE ACTION AND DIVERSITY (UCAAD)
M. Ines Boechat, M.D, Chair
iboechat@mednet.ucla.edu

ACADEMIC SENATE
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200

December 15, 2009

**HENRY POWELL, CHAIR
ACADEMIC COUNCIL**

Re: Systemwide Review: Differential Fees Proposal

Dear Harry:

At its meeting on November 12, UCAAD members discussed the Differential Fees Proposal. Committee members, like the Council at-large, expressed concern with the proposal's likely negative effect on student diversity in the University, based on economic status. Furthermore, analytic projections, including data needed to support sound decision making, are lacking. Overall, members felt that the prospect of differential fees present a slippery slope for the University of California and foreclose access, adversely affect transfer rates, limit course offerings, and might result in delayed graduation for students. Lastly, UCAAD members expressed the need for more detailed financial information, such as a spending plan, in such a proposal.

Please do not hesitate to contact me if you have any questions regarding UCAAD's comments.

Sincerely,

M. Ines Boechat, M.D.
Chair, UCAAD

Copy: Martha Winnacker, Executive Director



UNIVERSITY COMMITTEE ON EDUCATIONAL POLICY (UCEP)
Keith Williams, Chair
krwilliams@ucdavis.edu

Assembly of the Academic Senate
1111 Franklin Street, 12th Floor
Oakland, CA 94607-5200
Phone: (510) 987-9466
Fax: (510) 763-0309

October 6, 2009

Henry Powell, CHAIR
ACADEMIC COUNCIL

Re: DIFFERENTIAL FEES BY DISCIPLINE

Dear Harry,

UCEP was able to discuss the issue of differential fees for undergraduates by discipline at its regular meeting October 5, 2009. While we did not get the 2010-11 Budget Development Briefing Paper until midway during the meeting, we were able to quickly go through the document and we used it as the basis for a quick discussion of relevant issues. The only other specific information available at the time was the preliminary budget information from the September Regent's meeting where the University announced that it would bring forward a proposal for differential fees by discipline and presented only minimal background information. We ended up having a number of concerns about the issue itself and were particularly disappointed that such a potentially major change in policy was being considered without taking the time for a more thorough, thoughtful and informed discussion involving the Senate before being presented to the Regents for consideration in November.

We recognize that the issue of differential fees by discipline might reasonably be raised for consideration, especially given the deterioration of state support in recent years and the seemingly bleak outlook for the near future. While differential fees have been in place for professional schools for some time, this is the first time it has been addressed at the undergraduate level, and because it represents a major deviation from the historic practice of applying similar fees to all undergraduates, we believe it merits a serious and deliberate discussion. We appreciate that every source of additional fees to the University must be considered in the current fiscal climate, and that ultimately additional funding mechanisms will help us maintain quality, which is a key consideration for UCEP. But we are concerned that differential fees may have undesirable effects on both access and affordability, and that it may set a precedent for future proposals for differential fees of a different nature. As a major policy shift, we believe the issue merits a thorough consideration of potential ramifications beyond the potential benefits as a revenue source.

We found the premise presented in the briefing paper very limited in providing justification for considering differential fees. There was no specific mention of the revenue expected from this type of fee, though we understand it to be in the neighborhood of ten million dollars. This is a relatively minor amount in the scope of the current budgetary problems and we fear that potential adverse effects of differential fees might effectively negate potential fiscal benefits. Fees are a sensitive issue to students, parents, legislators, and those who constantly work to try to find ways to lessen the financial burden on students and increase access to the University. We are concerned that adding to fees without clear and thoughtful justification could spark criticism and backlash that could undermine the acceptability of other more substantial fee increases

that have been proposed for the near future. Students already believe they are being asked to unfairly assume a disproportionate share of the burden of the financial crisis, and this specialized “tax” may give the appearance of the University trying to “nickel and dime” students, especially when a detailed justification for its implementation is not given in the briefing paper.

Business and engineering are cited as the areas under consideration for higher fees, with the justification cited as being “in recognition of the higher costs associated with offering these programs.” We believe the argument for including these disciplines and not others that may also be high-cost is not suitably justified, and urge a more detailed analysis of available data related to higher costs to provide a stronger justification for these particular programs being singled out. If there are additional reasons that these programs are being singled out, we believe they should be fully disclosed as part of the discussion.

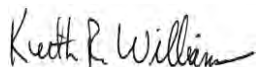
We are pleased that there is a return to aid to help students who qualify for financial assistance to meet the additional fees, but are concerned that there may still be students for whom the additional fees will be an additional burden they and their families cannot take on, and that this may effectively reduce accessibility to those majors for some student groups. An additional consideration is any effect the fee changes might have on diversity in those majors. We do not see any evidence of data that would suggest how the additional fees might affect diversity, and believe that data should be collected and analyzed before an increase is considered.

A major concern in this process is the minimal time available to discuss and consult on this issue with faculty and other constituencies prior to its being taken forward to the Regents. The last third of the briefing document lists a number of additional questions that as yet have not been resolved and that may provide critical information toward making a reasoned judgment on the merits of the proposal, and it reflects the lack of a thorough evaluation and analysis of the effects of the proposed fee increase at this time.

The proposal seems especially out of synch with the recent formation of the UC Commission on the Future, tasked with looking into how the University of California can best serve the state in the years ahead and maintain access, quality and affordability in a time of diminishing resources. That process is intended to examine a wide variety of issues that will help guide the University through the current budget situation and lay the groundwork for the future evolution of the University. Draft issues for the commission’s Access and Affordability work group indicate that differential fees is a topic that will be discussed by that group, and it is likely to also be addressed in one or more of the other work groups. It is not clear why the specific issue of differential fees by discipline is being brought forward to the Regents prior to a thorough analysis of the issue by the work groups. The minimal delay in implementing fee increases that would allow for a thorough deliberation process seems warranted.

In summary, at this time we do not endorse the concept of differential fees for undergraduates by discipline. We believe this is a major shift in policy with widespread implications and that it merits a more thorough analysis prior to consideration by the Regents to fully identify all of the potential beneficial and detrimental consequences that would better inform a decision about implementation.

Sincerely,



Keith Williams, Chair
UCEP



UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)

Peter Krapp, Chair

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October 7, 2009

HENRY POWELL, CHAIR
ACADEMIC COUNCIL

Re: Regents' Review of Differential Fees for Engineering and Business Students

Dear Harry,

At their September 2009 meeting, the UC Regents discussed a proposal to implement differential fees for undergraduate students in Business and Engineering. UCOP calculates that an additional \$1,000 levy for majors in those two fields at the upper division level would yield \$15 million system-wide, before an assumed one-third return to aid.

(<http://www.universityofcalifornia.edu/regents/regmeet/sept09/fl.pdf>, page 13)

We have concerns both about the substance of the proposal and about the process by which it has reached the highest policy-making body of the University. Last year, UCOP convened a joint Senate-Administration Advisory Group on Budget Strategies to consider this issue among many others; however, no report of that group was ever reviewed or discussed by the Academic Senate, and we are extremely concerned that this proposal has bypassed the normal Senate review process and sent directly to the Regents. Moreover, its timing is particularly baffling, since the question of differential fees is exactly the kind of issue the UC Commission on the Future will be examining in depth over the next few months.

UCPB finds the motivation for differential fees in general, and the choice of Business and Engineering in particular, unclear. Evidently, this decision was not based on the cost structure of a particular academic unit, for otherwise one might name music or physics before business. Likewise, it is not an attempt to manage demand for impacted majors; otherwise one might choose biology or psychology. We are aware of no systematically collected data describing the cost of education, by major, but we doubt that such data would single out these two majors.

Furthermore, UCPB questions the apparent assumption that Business and Engineering students can afford to pay more, as Schools of Engineering continue to be concerned about finding qualified students, and Schools of Business enroll substantial numbers of first-generation college students who can ill afford higher fees. Our committee does not place a priority on any major or discipline, but in a time of great concern over California's economy, and communications from UC emphasizing its role as an engine of growth, we see no sense in discouraging students from pursuing majors that might correlate with starting businesses and innovating new products or technologies. Moreover, as first generation college students tend to prefer practical degrees, differential fees for these majors could

have a significant impact on access, particularly for underrepresented groups. We recommend that the Board of Admissions and Relations with Schools take the lead in examining this question for the Senate.

More directly, UCPB is concerned about the timing and political wisdom of this proposal, as the planned 15% mid-year fee increase is far more substantial; anything that increases opposition to across-the-board fee increases might further harm the UC budget, thus priority should be given to across the board increases. It is preferable for UC to raise general tuition and fees across the board in a way that has a neutral cost impact on majors, disciplines, and access.

Turning to implementation issues, it is left unstated how the \$10 million net increase in fees collected by the system would be used: Do they stay in these schools, and if so, how would campuses tax those units? How much of the differential fee income would even stay on the campuses that collect these higher fees? How would this be determined, and why is it not addressed in the Regents' item? Students have numerous options for delaying the declaration of a major, or for declaring majors that are highly similar to the ones targeted. Either of these responses would complicate the ability of the faculty to advise students, and create doubts that students took courses in the order and combination envisioned when majors were designed. Because some majors will lose students and others will gain students, there will be inefficiencies, as the distribution of faculty will remain the same.

Perhaps most alarming to us is that the proposal reflects a recent pattern whereby new policy proposals are first aired in public or at a Regents meeting, with no prior consultation with the Academic Senate. Such consultation would have identified these many problems. We are aware of differential-fee policies at other institutions, but no analysis has been done concerning their likely effects on UC. Differential fees would represent a departure from our history and tradition, at a time when there already exists serious conflict over the wisdom of abandoning California's Master Plan. Conveying to the state a belief that students can be billed in direct proportion to casual beliefs about earning potential completely undercuts the very case for public funding. In addition, UCPB is concerned that this action would set a precedent that leads to other forms of differential fees by campus, and thus to incremental stratification, which would strike at the very heart of the notion of a single University.

In conclusion, UCPB observes that the sum at stake seems small relative to the substantial academic and budgetary risks. Differential fees are likely to have numerous unanticipated consequences for educational quality, student access and diversity, and the public character of UC. We strongly recommend that the Regents defer a decision on differential fees until further analysis is completed and shared governance has been honored. Moreover, we believe it would be entirely appropriate for the differential fee issue to be discussed in detail by the Gould Commission's Funding Strategies Work Group.

We urge Academic Council to bring these concerns forward to the administration as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Krapp". The signature is fluid and cursive, with the first name "Peter" and last name "Krapp" clearly distinguishable.

Peter Krapp
UCPB Chair

cc: UCPB
Martha Winnacker, Senate Executive Director