

INFORMATIONAL ITEM IN SUPPORT OF THE NONRESIDENT TUITION MEMORIAL  
SUBMITTED BY  
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**Nonresident Tuition**

There are several advantages to making adjustments to nonresident tuition (NRT) as a way of reducing the burden of supporting graduate students in the University of California. Most important, reducing or eliminating NRT is something that the University can do (and, indeed, has done) without seeking approval beyond the Regents. Reducing or eliminating NRT also has the benefit of making it easier for UC graduate programs to offer attractive packages to the best students, regardless of where they reside when they apply to UC and so would increase UC's overall competitiveness within whatever resources are made available for graduate student support.

In considering the financial implications of the different options that have been suggested, it is important to consider that there are three elements to the "costs" of any decision. This fact can be illustrated with the fiscal implications of eliminating NRT after year 1 for all doctoral level students which involves a total of \$38.7 million:

1. A neutral internal funds transfer in which UC general funds are used to pay the NRT, in this case \$18.4 million, 48% of the total "cost." Eliminating NRT for these students would result in both a loss of revenue and an expense that would cancel each other out and be revenue neutral both in terms of dollars and fund source (the general fund).
2. Funds that come into UC in the form of tuition paid by the student or on behalf of the student from federal or other outside agency grants, in this case \$9 million. Most, but not all, of these funds would be lost to the general fund if NRT was eliminated for these students. (To the extent that the NRT is paid by institutional training grants or similar devices, the funds would be available to support other students. To the extent that the funds were tied to a specific student, they would be lost.)
3. Funds that would be lost to the general fund but remain inside UC for other purposes, including supporting other graduate students, in this case \$11.3 million. These funds come largely from extramural research grants and, while it could not be mandated that they be spent on graduate student support, it is likely that at least some of these funds would go to graduate student support.

By this analysis, eliminating NRT for academic graduate students after year 1 would cost the general fund no more than \$20.3 million (\$9.0 + \$11.3 million), with some of this money being recycled into supporting additional graduate students.

A similar analysis for eliminating NRT for first year academic doctoral students reveals that

\$27.8 million of the total \$40.5 million “cost” (69%) represents a neutral income and cost borne by the UC general fund. Of the remaining \$12.7 million, \$9.7 million represents a likely loss of external funds and \$2.9 million represents a loss to the general fund of money current paid from research grants.

**Ending nonresident tuition for all doctoral students after the first year** would arrest the serious erosion of foreign students at UC, a widely recognized problem. As noted above, the cost to the general fund would be no more than \$20.3 million and could be less. An additional benefit would be that some of these funds (probably at least \$10 million) would become available to support additional graduate students (which would return part of this money to the general fund through fees) or to improve the pool of funds available for stipends.

**Eliminating nonresident tuition for all first year doctoral students** would arrest the serious financial loads that have been imposed on graduate programs that have been discouraging them from recruiting the best US students and allow them to use some of these resources to increase stipend levels to make more competitive offers. erosion of foreign students at UC, a widely recognized problem. The loss to the general fund would be no more than \$12.7 million. It is likely that some of these funds (probably at least \$2-3 million) would become available to support additional graduate students (which would return part of this money to the general fund through fees) or to improve the pool of funds available for improved stipends.