

UNIVERSITY OF CALIFORNIA, ACADEMIC SENATE

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SANTA BARBARA • SANTA CRUZ

Office of the Chair
Telephone: (510) 987-9303
Fax: (510) 763-0309
Email: john.oakley@ucop.edu

Assembly of the Academic Senate, Academic Council
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200

The following notification for a Systemwide mail ballot on a proposed Memorial to the University of California Board of Regents asking the University to structure and advocate a University budget that eliminates non-resident tuition for academic graduate students has been sent to your division for a vote. Please contact your [Senate Divisional Office](#) for further information.

March 27, 2006

MEMBERS OF THE ACADEMIC SENATE

Dear Colleagues:

The Academic Senate is conducting a systemwide mail ballot vote on a proposed Memorial to the University of California Board of Regents asking the University to structure and advocate a University budget that eliminates non-resident tuition for academic graduate students.

Disposition of this proposed Memorial is determined by a simple majority of those Senate members voting. **PLEASE VOTE.**

Enclosed you will find a ballot and associated written materials that will allow you to participate in this vote. The following materials are included:

1. Background information on the issue and the Memorial
2. Pro and con arguments regarding the Memorial
3. The Memorial ballot

The ballot properly marked, signed and sealed (if voting electronically, then properly marked and signed/verified) must be received in your divisional Academic Senate Office **by the date and time specified at the end of your ballot.**

Sincerely,

A handwritten signature in blue ink that reads "John Oakley".

John Oakley, Chair
Academic Senate

Jean Olson, Secretary/Parliamentarian
Assembly of the Academic Senate

MEMORIAL TO THE REGENTS ON NON-RESIDENT TUITION

History, Summary, and Explanations

University of California Assembly of the Academic Senate
March 27, 2006

HISTORY OF THE MEMORIAL

The proposed Memorial was initiated by the Davis Division, which overwhelmingly approved the Memorial in a mail ballot. At its meeting on February 8, 2006, the Academic Assembly acted to submit the proposed Memorial to a mail ballot of the voting members of the Academic Senate.

SUMMARY OF THE ARGUMENTS FOR AND AGAINST THE MEMORIAL

The proponents of the Memorial argue that elimination of non-resident tuition (NRT) is important to the University of California's ability to recruit doctoral-level graduate students from places beyond the State of California. The proponents assert that because academic graduate students are supported primarily by resources from within the University, most revenue lost from the elimination of NRT would be offset by a reduction in the internal University cost of providing support to doctoral-level academic graduate students.

The opponents of the Memorial argue that the Memorial does not distinguish between California residents and non-residents, whether they be U.S. citizens or foreign nationals. The Memorial would give no financial advantage to graduate students who apply as residents of California. The opponents also assert that the Memorial is fiscally irresponsible because of its high costs. The opponents further argue that the Memorial is ambiguous because it does not specifically define the academic graduate students to which it applies.

EXPLANATION OF THE MEMORIAL RESOLUTION

The resolution of the proposed Memorial requests the Board of Regents to advocate a budget for the University that eliminates NRT for academic graduate students. The authors of the Memorial intend that the request apply to doctoral-level students in academic graduate programs, although it would be consistent with the language of the Memorial for the Regents to grant relief from NRT to graduate students not pursuing doctoral degrees. The language of the Memorial is a request from the faculty for action by the Board of Regents, which may or may not follow the direction expressed in the Memorial.

EXPLANATION OF THE COST TO ELIMINATE NON-RESIDENT TUITION: BACKGROUND STATEMENT¹

This statement details the costs associated with eliminating non-resident tuition (NRT). It considers two different classes of graduate students, and two options for reducing NRT – complete elimination or elimination after the first year. This results in the four different scenarios shown in the table at the end of this statement.

¹ This statement is based on the "Preliminary Staff Analysis of the Academic Assembly Proposal to Eliminate Non-resident Tuition for Academic Graduate Students," available at: <http://www.ucop.edu/sas/sfs/Memorial.htm>.

The two classes of graduate students are:

- *All academic graduate students.* This refers to students pursuing a masters or doctoral degree in any discipline, excluding students in professional degree programs (M.D., D.V.M., D.D.S., J.D., M.B.A., etc.), masters students in professional disciplines (e.g., journalism), and students in self-supporting programs.
- *Academic doctoral students only.* This refers to students pursuing a doctoral degree in any discipline, excluding students in professional degree programs and students in self-supporting programs.

The income from NRT currently contributes to the UC General Fund, which supports basic functions such as faculty and TA salaries, supplies, etc. Eliminating or reducing NRT would result in a loss of revenue for these functions. It would also free up some funds that could be redirected for other purposes. There are four fund sources that currently fund NRT, and eliminating or reducing NRT has different ramifications for each:

- (a) *UC fellowships.* UC fellowship funds are used to cover NRT for many students. If NRT is reduced, these funds could be redirected. They could either (i) be used to offset some of the revenue loss to the UC General Fund, (ii) remain budgeted for graduate student support and thus improve the University's competitiveness or (iii) some combination of the two.
- (b) *Self-supporting students.* Some students pay all or part of their NRT from their own funds. To the extent that NRT is reduced, this income would also be reduced.
- (c) *Extramural fellowships.* Some students' NRT is paid by extramural fellowships. To the extent that NRT is reduced, this funding would either (i) revert to the extramural fellowship agency if the award is directly tied to the student's fees and tuition, or (ii) remain with the student if the award is independent of fees and tuition. In either case, this income is lost to the university.
- (d) *Research grants.* Faculty research grants cover NRT for some graduate students. If NRT were reduced, (i) these funds could be used to support additional graduate student researchers, or support the same number of researchers at a higher wage rate; (ii) the funds could be spent on other aspects of the faculty researcher's grant (e.g., supplies or equipment); or (iii) faculty members could reduce the size of their grant proposals in an effort to compete more successfully for extramural research funds, resulting in a loss of income to the university.

Thus we see that there is a loss of revenue to the General Fund which includes all of (b) and (c), some part of (d), and may include part of item (a) (UC Fellowship funding) depending on how it is redirected. The "Range of Net Cost to the UC General Fund" in the table below assumes that the UC Fellowship funding would be entirely redirected to the UC General Fund. Using some of the UC Fellowship money for additional graduate student support would increase the net cost to the General Fund beyond the net cost ranges shown below, which range from "(b)+(c)" to "(b)+(c)+(d)." The net loss to the General Fund will likely be nearer the higher end of this range (explanation omitted for brevity).

Eliminate only after year 1, or entirely?	NRT by fund source and net cost range	Affected Students	
		<i>Academic doctoral students only</i>	<i>All academic graduate students</i>
<i>After year 1 only</i>	(a) UC Fellowships	\$16.0 M	\$17.1 M
	(b) Self-Supported Students	\$6.7 M	\$9.1 M
	(c) Extramural Fellowships	\$2.3 M	\$2.7 M
	(d) Research Grants	\$13.7 M	\$14.6 M
	Range of Net Cost to UC General Fund	\$9.0-22.7 M	\$11.8-26.4 M
<i>Entirely</i>	(a) UC Fellowships	\$42.5 M	\$46.8 M
	(b) Self-Supported Students	\$12.5 M	\$22.0 M
	(c) Extramural Fellowships	\$6.4 M	\$7.9 M
	(d) Research Grants	\$17.9 M	\$19.8 M
	Range of Net Cost to UC General Fund	\$18.9-36.8 M	\$29.9-49.7 M

**PROPOSED MEMORIAL
TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

As Submitted by the Davis Division of the Academic Senate
and

Approved for a mail ballot by Assembly of the Academic Senate on February 8, 2006

RECITALS:

1. University of California research and development activities are important economic, intellectual, social, cultural and educational drivers for the State of California.
2. The ability to recruit the best graduate students from around-the-world is critical to the academic and research excellence of the University of California.
3. Large numbers of non-resident graduate students finish their degrees and remain in California to start or become leaders in high-technology, bio-technology, and other businesses that contribute substantially to the California economy. Many also remain in California as the next generation of research scholars.
4. California's competition in the global marketplace requires that we compete successfully for the best graduate students from around the world.
5. Non-resident tuition is a serious impediment to recruitment of graduate students from outside of the State of California, and, most particularly, graduate students from outside of the United States.
6. Non-resident tuition charged to academic graduate students (those students with terminal academic degree educational goals such as Ph.D. and MFA programs) is typically not paid by the student but is charged to faculty grants and other university resources. Thus, charging non-resident tuition to academic graduate students is a shift of university funds depleting resources that may be used for other purposes.

THEREFORE, BE IT RESOLVED THAT:

The Academic Senate of the University of California requests that the Regents of the University of California structure and advocate a budget for the University that eliminates non-resident tuition for academic graduate students.

ARGUMENT IN SUPPORT OF THE MEMORIAL ON NON-RESIDENT TUITION

High quality graduate students are critically important to the teaching and research missions of the University. Graduate students contribute to the work of the faculty on research projects in the laboratory and the library. They bring their own imagination and insights into the research process. Excellent graduate students help the faculty provide a better educational environment. Graduate students working as teaching assistants and instructors contribute to the undergraduate education program. Graduate students' participation motivates undergraduates, who are virtually their peers, to perform well in an academic environment. Recent very large tuition and fee increases for graduate students harm the University of California's ability to attract and support the best graduate students and harm the University's teaching and research programs.

Very few academic graduate students (Ph.D. and equivalent) who are recruited into the University of California pay their own fees and tuition. The best graduate students are highly sought after and, to be competitive, UC has to support their tuition and fees in addition to stipends for living expenses. Policy makers often do not understand the circular nature of fees charged to academic graduate students. Fees and tuition charged to doctoral-level academic graduate students are generally covered by University resources including private support dollars, research funds, or instructional funds in the case of teaching assistants.

The case is particularly difficult with respect to non-resident students because of the substantially higher tuition costs. The cost of non-resident tuition (NRT) is shifted to the department or research program that recruits the student. The high NRT has had a measurable impact on UC's ability to recruit the best students on a national level and has even more severely impacted UC's ability to attract the very best foreign graduate students. Because of the high NRT, it is less expensive for an academic graduate student from outside California to attend Stanford or Harvard, which puts UC programs at a serious recruiting disadvantage. It is also cost-effective for research programs to hire post-doctoral fellows rather than recruit graduate students.

This situation is particularly ironic, since University resources support most of the NRT in the form of fellowships and fee waivers for doctoral-level academic graduate students. (The remainder comes from extramural funds and, to a small extent, the students themselves.) There is little or no net gain to the University from charging NRT to academic graduate students. In addition, the high NRT is an incentive to hire post-doctoral researchers who may cost less than graduate students, to the detriment of graduate education.

Because so much of the NRT is simply recycled through the general fund back in the form of fellowships and fee waivers, the actual marginal cost to the general fund of eliminating NRT is surprisingly small. The University would incur a net loss of revenue of \$18.9 million with respect to students whose NRT is paid by the students or external fellowships. Some additional net revenue potentially will be lost from faculty research grants that pay NRT, but this amount is not clear. If all of the extramural research support currently devoted to paying NRT is lost, the maximum loss of net revenue to the University \$36.8 million, but a portion of this money may be recycled into increasing support levels or into supporting additional graduate students. Many UC faculty can answer this question for themselves. How many of your own students receive support for NRT from sources outside the University or your research grants?

The UC Office of the President, which opposes the elimination of NRT for academic graduate students, overstates the cost of eliminating NRT for graduate students in Ph.D. programs. The recitals in the Memorial are intended to make it clear that the Memorial calls for elimination of NRT for students in academic doctoral programs, i.e. those students who are regularly supported by University funds. The Memorial is not intended to call for elimination of NRT for terminal masters degree students (with the exception of the MFA, which is the final degree for arts programs). Opponents are simply trying to confuse this issue to overstate the costs of the Memorial.

Focusing on resident versus non-resident students is also a red herring. Academic graduate students, whether resident or non-resident, are supported by the University. Few resident or non-resident graduate students in Ph.D. programs pay their own tuition and fees. Rather than affecting students directly, the NRT is an added burden on university resources with respect to doctoral-level graduate students.

Recent elimination of NRT for academic graduate students who advance to candidacy is an inadequate solution. The NRT remains as a disincentive to recruiting the best new graduate students. In addition, the program provides an incentive to departments to advance students to candidacy prematurely in order to reduce costs to the department or research programs. The three year limit on the fee remission will lead to premature granting of degrees with respect to dissertations that require a little more work to move from merely acceptable to excellent.

Simply eliminating NRT for academic graduate students puts non-resident academic graduate students on a level playing field with others and allows departments and programs to recruit the best Ph.D. students, regardless of where these students happen to reside. The cost is low, significantly less than 1% of the University's \$3.3 billion instruction and research budget. Failure to do so will continue the trend for UC to become a regional – as opposed to worldwide – institution.

ARGUMENT AGAINST THIS VERSION OF THE MEMORIAL ON NON-RESIDENT TUITION

There is no question of overwhelming support for the recitals in this version of the Memorial on non-resident tuition (NRT), as well as strong support of the need to restructure the budget and finances associated with NRT so that the University of California can attract and retain high quality graduate students.

The critical flaw in this version of the NRT Memorial is that it does not distinguish between California residents and non-residents, whether they be U.S. citizens or foreign nationals. This Memorial would give no financial credit to graduate students who apply as residents of California. If we move to this policy, we would be the **ONLY** public university in the country that does not differentiate between state residents and non-residents in some form in graduate level tuition. With the sensitivity about funding in the state legislature right now, this potentially could be quite damaging to the public's view of our mission, as well as degrade our efforts for support for increased funding in the state legislature. The University of California has an obligation as a state institution to provide support for state graduate students as well as undergraduates.

Recently, the State Legislative Analyst's Office has recommended that the State not "buy out" the graduate fee increases recommended by the Governor. Clearly, graduate student tuition is a sensitive political issue and unfavorable publicity about the position outlined in this version of the NRT Memorial could further deteriorate UC's public image in the eyes of our taxpayers and their legislative representatives.

Other concerns are as follows:

1. **The proposal is financially irresponsible.** There is a significant cost associated with the proposal as written. The preliminary UCOP staff analysis,² submitted by Acting Provost Rory Hume, estimates the loss in NRT revenue to be \$96.5 M and provides a preliminary breakdown as to the total loss in revenue to the general funds. Whereas some of this cost is recycled internally and does not represent a reduction in incoming funds, the estimated loss of revenue to the UC general budget will be unacceptably high and ranges from \$30-50 million, depending on the assumptions. This is a loss from external fellowships, traineeships, foreign government support and self-supported graduate students (\$30 million) and NRT support from research grants (\$20 million). This is not a trivial loss to the general funds and competes against funds needed for competitive faculty salaries, classroom maintenance, graduate block grants, academic preparation programs and other student programs. As pointed out in the Hume transmittal (p. 1):

As written, the proposal would reduce the amount of non-resident tuition attributable to UC graduate students by an estimated \$96 million based on simulations for the 2006-07 academic year. The State's policy is to not fund any costs related to non-resident UC students. As a result, no external fund source exists to make up for this lost tuition revenue.

² "Preliminary Staff Analysis of the Academic Assembly Proposal to Eliminate Non-resident Tuition for Academic Graduate Students," available at: <http://www.ucop.edu/sas/sfs/Memorial.htm>.

2. **The proposal is ambiguous.** It refers to "academic graduate students" in the wording of the Memorial, but item 6 in the recitals refers to "students with terminal academic degree educational goals such as Ph.D. and M.FA programs." Academic graduate students are a well-defined entity as specified in the resolution of the Memorial. On the other hand, "terminal academic degrees" are departmental-specific and have no formal meaning. This ambiguity needs to be clarified so that faculty know what they are voting on. Does this resolution refer to all "academic graduate students" (including academic MS degrees) as specified in the wording of the Memorial? Or is it limited to Ph.D.s, M.F.A, and other "terminal academic degrees" as noted in one item of the recitals?

This Memorial should be voted down for being irresponsible fiscally and politically. We recommend that the Senate weigh in through recommendations of the Systemwide Committee on Competitive Graduate Student Financial Support (GSFS). GSFS has been deliberating for several months, researching budgetary and political implications, as well as developing guiding principles that address competitiveness, campus needs, recruitment, retention, performance, equity and diversity. Current indications are that GSFS will recommend eliminating NRT after the first year for non-residents and instituting a lid on NRT that keeps it competitive and is tied to resident tuition.

As faculty, we should first evaluate their well-thought-out recommendations before "rushing to judgment" on a Memorial that could be politically damaging to the UC system in Sacramento and to the public. We recommend that the Academic Council pass a Resolution after the GSFS recommendations are published (estimated in Spring 2006) and submit an alternate Memorial, if appropriate, to the Academic Assembly.

USE THIS BALLOT AS A MODEL

MEMORIAL TO THE REGENTS NON-RESIDENT TUITION

Ballot --- Memorial to the UC Regents

Should the following statement be sent to the President of the University for transmission to the UC Regents?

RECITALS:

1. University of California research and development activities are important economic, intellectual, social, cultural and educational drivers for the State of California.
2. The ability to recruit the best graduate students from around-the-world is critical to the academic and research excellence of the University of California.
3. Large numbers of non-resident graduate students finish their degrees and remain in California to start or become leaders in high-technology, bio-technology, and other businesses that contribute substantially to the California economy. Many also remain in California as the next generation of research scholars.
4. California's competition in the global marketplace requires that we compete successfully for the best graduate students from around the world.
5. Non-resident tuition is a serious impediment to recruitment of graduate students from outside of the State of California, and, most particularly, graduate students from outside of the United States.
6. Non-resident tuition charged to academic graduate students (those students with terminal academic degree educational goals such as Ph.D. and MFA programs) is typically not paid by the student but is charged to faculty grants and other university resources. Thus, charging non-resident tuition to academic graduate students is a shift of university funds depleting resources that may be used for other purposes.

THEREFORE, BE IT RESOLVED THAT:

The Academic Senate of the University of California requests that the Regents of the University of California structure and advocate a budget for the University that eliminates non-resident tuition for academic graduate students.

YES _____

NO _____

Instructions: In accordance with [Senate Bylaw 95](#):

1. **In the case of mail ballots**, each voter shall receive a plain envelope in which to enclose a marked ballot, and a second envelope addressed to the appropriate Secretary to be used for the return of the sealed ballot. The envelope addressed to the Secretary shall have a space for the signature of the voter. Ballots lacking this validating signature shall be deemed void. (Am 5 May 88; Am 28 May 2003)

The ballot, properly marked, signed and sealed must be received in the Academic Senate Office **no later than 4:00pm on April 25, 2006**

2. **For electronic voting**, the appropriate Secretary shall utilize a system which verifies each voter's identity and which maintains security. (En 28 May 2003)

The ballot, properly marked and signed (verified) must be received in the in Academic Senate Office **no later than 4:00pm on April 25, 2006**

John Oakley, Chair, Assembly of the Academic Senate
Jean Olson, Secretary, Assembly of the Academic Senate