

May 4, 2009

CHAIRS OF ACADEMIC SENATE DIVISIONS
CHAIRS OF ACADEMIC SENATE COMMITTEES

Dear Senate Committee and Division Chairs:

At the April 29 meeting of Academic Council, the Board of Admissions and Relations with Schools (BOARS) requested Council's endorsement of principles to help guide campus decisions about the enrollment of non-resident students. Council members agreed that the Divisions and Committees of the Academic Senate should have the opportunity to review the proposed principles before Council takes a position. Accordingly, on behalf of Academic Senate Chair Mary Croughan, I am distributing BOARS' request for your expedited review. It is likely that some systemwide committee chairs will find that the subject matter of the proposal is outside of their committees' scope and decline to comment. Please let us know if that is the case.

BOARS' request is a response to two central policies that have increased pressure on campuses to increase non-resident enrollment:

- 1) In 2007, for the first time, UCOP began to assign separate enrollment targets for state-supported and non-resident undergraduates. They also established a budgetary minimum of non-resident tuition that each campus was expected to generate, thereby setting a minimum number of non-resident students per campus. Finally, they removed central funding for non-residents, expecting that their educational costs would be covered by the fees they paid, and allowing campuses to retain any excess revenues.
- 2) UCOP no longer provides funding to campuses for state-supported students enrolled beyond these targets.

BOARS fears that campuses will increase their enrollment of non-resident students as a revenue generating strategy in response to increasing budgetary pressures. BOARS also is concerned that this course of action either will limit the access of California residents to UC and will harm diversity, or will be detrimental to the quality of the education offered if campuses simply add greater numbers of non-resident students. BOARS feels strongly that given its responsibility for admissions and for ensuring accessibility for California residents and educational quality, the Senate should play a role in discussing appropriate systemwide non-resident targets.

An expedited review is necessary in order to ensure that the Academic Senate's views are considered in the 2009-2010 admissions cycle, as well as in campus budgetary decisions. If approved, the final principles will be communicated to the Interim Provost, the Creative Budget Strategies Task Force, and the systemwide Enrollment Management Group. Committees and Divisions should submit comments by no later than June 15, which will allow the Academic Council to discuss them at its June 24 meeting.

Please submit comments by June 15, 2009 by email to: senatereview@ucop.edu. Thank you.

Best,

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BOARD OF ADMISSIONS AND RELATIONS WITH SCHOOLS (BOARS)

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April 22, 2009

MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL

Re: Principles for Non-Resident Enrollment

Dear Mary,

The Board of Admissions and Relations with School (BOARS) has been discussing the enrollment situation at UC in the context of the state budget crisis. As you know, UC's enrollment agreement with the state now distinguishes between state-supported undergraduates and those supported by non-resident tuition (NRT). In addition, UC's internal budgeting processes were recently changed to distinguish between NRT funds (especially their collection and expenditure) from other general funds. In February 2008, UCOP began assigning separate enrollment targets to campuses for state-supported and non-resident undergraduates, which allow campuses to determine the appropriate level of non-resident enrollment, and in accordance with campus priorities, to increase or reduce NRT revenue accordingly. UC's stricter adherence to the state enrollment target is clearly an attempt to align state support more closely with the number of California residents enrolled, as UC is currently over-enrolled by some 11,000 students systemwide.

Provost Hume's March 3, 2008 memo to former Senate Chair Michael Brown notes that UC established the NRT targets to compensate for the over-enrollment of state supported students and presumably any other budgetary shortfalls. EVP Lapp's February 11, 2008 memo to the chancellors states that UCOP allocated NRT revenue to campuses in 2007-08 in exchange for general funds, notes that campuses may retain any revenue generated from NRT, and instructs them to "develop plans to either increase non-resident tuition revenue or handle shortfalls on their own."

For the foreseeable future, UC campuses are under growing pressure to increase the enrollment of non-residents to make up for revenue shortfalls, and at least four campuses are investigating increasing out of state enrollment as part of their current budget strategies. (See [March 2009 Regents item](#)). BOARS is also aware that UC Berkeley is proposing to generate new revenues by increasing non-resident enrollment at the freshman and transfer level, partly in response to NRT revenue pressure. Over the next few years, this will result in Berkeley returning to and eventually exceeding historical levels of non-resident enrollment (see attached Enclosure 1, UCB AEPE statement).

While it is clear that the Senate plays only an advisory role in budgetary issues, it seems to BOARS that the Senate should participate in discussions about systemwide NRT targets, and can also offer guidelines that will help individual campuses determine the appropriate number of non-resident students to enroll.

The Need for a Guiding Policy

Although the University has no formal policy regarding the ratio of resident and non-resident undergraduates it will admit systemwide or on individual campuses, UC believes it has an obligation to educating Californians, and it has always given them high priority in enrollment planning. As a consequence, UC stands out as enrolling the highest percentage of in-state students (94%) compared with comparison Universities. In addition, the Master Plan suggests that non-resident applicants be held to a higher admission standard than California residents. Specifically it states:

“Undergraduate applicants to the state colleges and the University who are legally resident in other states be required to meet higher entrance requirements than are required of residents of California, such out-of-state applicants to stand in the upper half of those ordinarily eligible. Furthermore, that there be developed and applied a common definition of legal residence for these public segments.”

Admissions directors have been asked to not give preference to a non-resident applicant over an equally well-qualified in-state student, and to avoid using state funds to recruit out of state students. In practice, admissions committees have often set higher GPA standards for non-resident students and have found other sources to support students who require aid. The Master Plan includes no specific statement regarding the admission of international undergraduate students, but we presume such students should similarly be required to exceed California resident admissions standards. Senate Regulations do include provisions requiring international students to pass a test of English proficiency for admission and to meet ‘a-g’ subject requirements in their own institutions of instruction.

BOARS is concerned that UC will not be able to continue enrolling large numbers of unfunded students without harming educational quality. However, simply adding non-resident undergraduates to help cover budget shortfalls will likely accelerate declines in educational quality some believe are already occurring.

Clearly, enrolling more fee-bearing students has financial benefits for campuses, and informal agreements about limiting non-resident enrollment do not carry as much weight when campuses have additional fiscal incentives to enroll more of them. In addition, we note that non-resident UC undergraduates generally come from higher socioeconomic backgrounds. The mean parental income for California resident entering freshmen is \$90,472; for non-resident domestic freshmen it is \$155,438, and for international freshmen, \$133,952. We fear this new pressure on campuses to increase non-resident enrollment may limit California resident access to UC, and as a result, damage UC’s primary historic land grant mission—to develop the talent of working people within the state to sustain its unique economy.

Several admissions committees are concerned that the administration's swift response to NRT targets and budget shortfalls does not include sufficient consultation with the faculty committees that guide the selection of the students we teach. The UC Berkeley Committee on Admissions, Enrollment, and Preparatory Education (AEPE) recently adopted a policy to guide enrollment targets on that campus (attached). BOARS endorses the statement and affirms the role of Senate committees in establishing priorities that should guide campuses as they face both budget deficits and continuing demand for access among deserving California residents. Quite simply, we believe clear educational values and goals, more than fiscal objectives, should be the central factors guiding systemwide and campus enrollment policies and practices.

Guidelines in Balancing Objectives

The University of California is a global educational presence, so it is natural that UC campuses want to enroll students from many different parts of the United States and the world. At the same time, the push to increase non-resident enrollment at the freshman and transfer levels can result in passing over qualified California residents, which can quickly erode UC's public commitment to serve as an engine of social mobility, to retain and develop human talent in the California population, and to lift local communities and economies through the attainment of baccalaureate and post-baccalaureate degrees. UC must seek a balance between its goal of enrolling a broad range of undergraduates and its commitment to serving California residents, particularly underrepresented populations who continue to grow in number and who desire and deserve access to UC. Demand for a UC education in the state has grown over the years and will likely continue at high levels even in the wake of the decline of the college-age population in the state.

We submit for Academic Council's consideration the following set of principles to help guide decisions about the enrollment of international and domestic non-resident students.

1. Overall, UC's undergraduate enrollment decisions should strive to maximize educational quality and diversity, and to protect accessibility and affordability for California residents.
2. Individual campuses should match enrollment to resources and consider carefully the impact of additional enrollment on educational quality before deciding to admit more non-resident students.
3. UC has international reach and appeal. Enrolling a geographically diverse student body has a legitimate educational value, but non-resident enrollment should not be used exclusively as a revenue-producing strategy to the detriment of resident access and the loss of UC's character as a California university.
4. Fiscal considerations should not guide the review of files or admissions decisions on individual cases at any UC campus.
5. Non-resident domestic and international students should demonstrate stronger admissions credentials than California resident students by generally being in the "upper half of those ordinarily eligible," as stated in the Master Plan, and should represent the most compelling cases and/or high ratings in comprehensive review processes on individual campuses.

6. Resident undergraduates should neither directly nor indirectly subsidize the enrollment of non-resident students with respect to the availability and quality of courses, academic programs, student services, financial aid, or the total cost of attendance.
7. Campuses should not use undergraduate generated non-resident tuition to fund other aspects of their budgets. Undergraduate NRT revenues should fund undergraduate programs and students in ways that enhance, or at least maintain the availability and quality of courses and academic programs, student services, and financial aid for resident undergraduates and minimize their cost of attendance.
8. Racial, ethnic, and cultural diversity is now a defining part of the state's population. UC's enrollment policy should seek to increase representation of California's diverse demographic communities through the enrollment of California resident freshmen and transfer students; and the enrollment of international and non-resident domestic students should not obscure the extent to which this diverse representation is or is not achieved.

Finally, the Office of the President and its constituents should continue to advocate for sufficient enrollment funding from the state – both as an investment in California's human capital and an important vehicle for advanced work force training that will buttress a sagging economy over the long term. UC should not allow the current funding gap to become an embedded assumption. It should insist that the state's fiscal contribution to California resident enrollment at UC equal the number of students enrolled. We need to work together to develop creative strategies to maintain quality in this time of fiscal constraint, and at the same, maintain access for California's diverse and growing populations to prevent dire long-term consequences for the state.

Sincerely,



Sylvia Hurtado
BOARS Chair

cc: BOARS
Martha Winnacker, Senate Executive Director

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Enclosure 1

UC Berkeley AEPE Policy on Nonresident Undergraduate Enrollment Adopted February 13, 2009

It has long been recognized that incorporating a number of international students within the UC Berkeley student body brings a diversity of background and experience to the classroom and the campus that enriches the educational, cultural and social experience of all students. Just as Berkeley values its students studying abroad, it also values the presence of international students on campus, especially given increasing trends of internationalization and the increasing flow of people, culture, goods, capital, and technology across national boundaries. Similarly, incorporating a number of domestic out-of-state students into the Berkeley student body also serves to enrich the college experience for all students. At the same time, UC Berkeley, as a state-supported institution, has a responsibility to serve the people of California and to provide educational opportunities to California's young people. As a land-grant institution, UC Berkeley has a long-standing commitment to serving the public good. Admission to Berkeley is a much sought after public resource, and reserving most of the places at Berkeley for California residents – especially in light of the added enrollment pressures still felt by the influx of high school graduates from “Tidal Wave II” – is not an unreasonable public policy goal. The challenge is to find the proper balance between these competing objectives.

Until very recently, the Office of the President had not set targets for nonresident enrollments at any of the campuses. The first formal policy at Berkeley for setting the level of nonresident enrollment was articulated by AEPE in 1999 – 2000, in which it was stated “... *it is the AEPE Committee's conclusion that Berkeley establish a target for non-resident undergraduate student enrollment at about 10% of the total undergraduate enrollment. ... The Committee has also concluded that international students provide such an important benefit to the campus that the enrollment of international students should be increased somewhat to a target of 4% and that domestic out-of-state students should have a target of 6%.*” Subsequent examinations of this issue by AEPE have reaffirmed that having about 10% of enrolled undergraduates be nonresidents is appropriate for Berkeley.

However, recent budgetary actions by the Office of the President relating to funding of nonresident students and a cap on the number of California residents that will be supported motivates the campus to consider an increase in the number of nonresidents, at least those who pay nonresident tuition (NRT). (At present, only about 85% of our nonresident undergraduates actually pay NRT.) The fact that UCOP has established a budgetary minimum for NRT that the campus is responsible for generating has, essentially, established a minimum for the number of nonresident students.

Complicating the consideration of whether to increase the number of nonresident students is the fact that Berkeley is already substantially overenrolled. AEPE believes that we are, in fact, at maximum capacity for the number of undergraduate students to whom we can provide a Berkeley-quality education.

In the current examination of the question of nonresident enrollment targets at Berkeley, AEPE affirms the following principles:

- 1) We cannot expand the number of students to the point that the quality of education is compromised;
- 2) We seek to serve as many California residents as possible;

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- 3) We uphold the value of a diverse student population;
- 4) We admit students on a “need blind” basis, regardless of their residency status.

It is then appropriate to ask two questions: To what extent does nonresident enrollment enable us to achieve these principles, and at what point does it begin to counter them?

The first principle suggests a point at which increasing total enrollment numbers will compromise the quality of a Berkeley education. AEPE believes that our campus is now at maximum capacity and that we have therefore reached this tipping point. Indeed, the Office of the President is currently seeking to decrease enrollment over the system over the next several years. This, then, bears on all three of the subsequent principles. With respect to Principle 2, the concern is that, with the campus at maximum capacity, increasing nonresident enrollment will mean excluding California residents. With respect to Principle 3, the concern is that the displacement of California students by nonresident students will cause the undergraduate population to become less diverse from both socioeconomic and ethnic perspectives. With respect to Principle 4, the concern is that nonresident students, like California residents, must be admitted on the basis of their qualifications in academic and other areas of achievement, and not on the basis of their ability to enhance campus revenue as net payers.

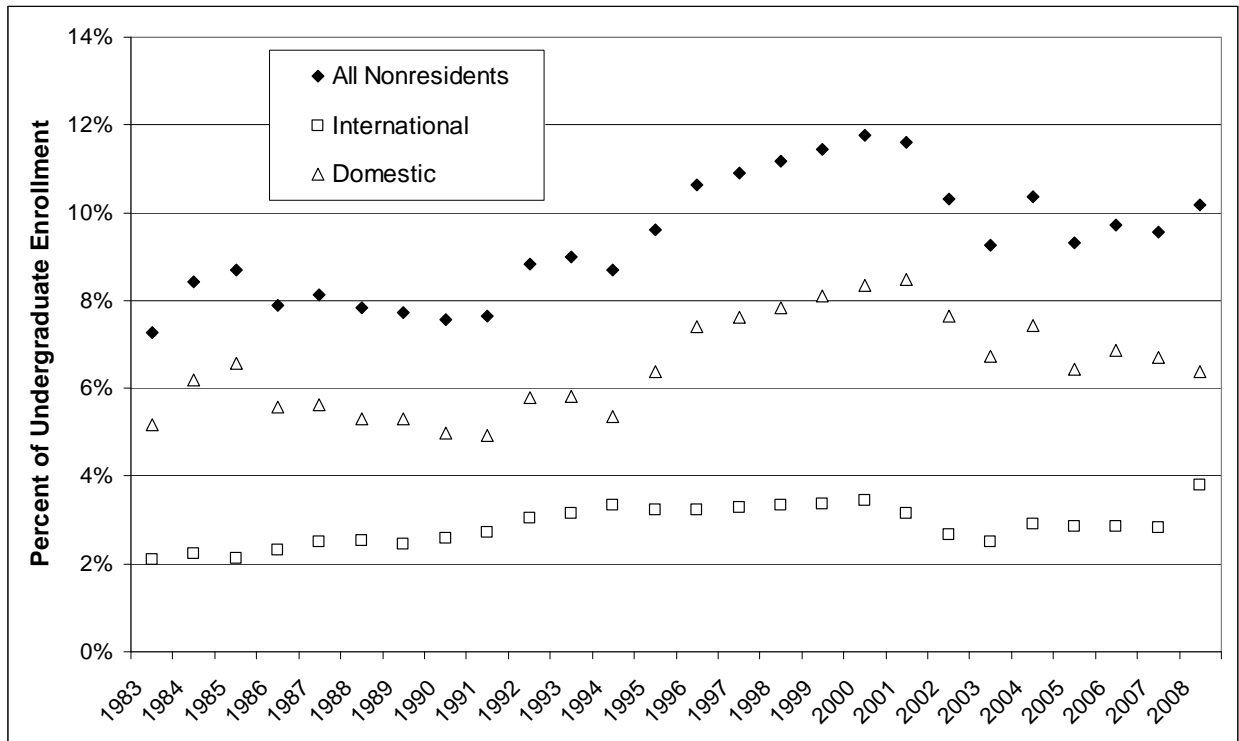
In sum, AEPE believes that additional nonresident enrollment will detract from the land-grant mission of the University as a whole, and from Berkeley’s ability to serve as an educational engine for individual social mobility, and for cultural and political change.

Background Information on Nonresident Admission and Enrollment

Procedures have long been incorporated into Berkeley’s admissions process in order to limit the number of nonresident students admitted. In the admissions cycle for 2008-2009, the campus admitted 28% of its California resident applicants, 18% of its domestic out-of-state applicants, and 11% of its international applicants. Approximately 20% of freshman applicants and 16% of transfer applicants are nonresidents, and these applicants are, for the most part, very competitive in our admissions pool. If residency status were not taken into consideration in the admissions process, one could estimate from present patterns of application and enrollment that about 18% of our student body would consist of nonresident students. Such an outcome would not generally be regarded as appropriate as it would run counter to the goals of serving as many California residents as possible and upholding the value of a diverse student population.

The percentage of nonresident undergraduate students at Berkeley, as shown on the following page, has remained relatively stable over with the past quarter century, ranging from a low of 7% in 1983 to a high of 12% in 2000. During the 17-year period between the minimum and the maximum nonresident enrollments, there was a relatively steady increase. Since the turn of the 21st century, our nonresident enrollment numbers have declined slightly from the peak, hovering between 9% and 10%. The total nonresident enrollment for fall 2008 was slightly above 10%, consisting of about 4% international nonresidents and 6% domestic nonresidents. These figures are in line with current AEPE policy.

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However, the percentage of new nonresident undergraduates this year is somewhat above the 10% overall enrollment target: approximately 16% of new freshmen and 17% of new transfer students for fall 2008 were classified as nonresidents at the time of the fall census. These numbers may be reduced as final residency determinations are made. The large percentage at the freshman level was the result of a decision made by the Coordination Board on Admissions and Enrollment to increase by 200 the number of new international freshmen who enrolled this year, while holding constant the rest of the freshman pool. Additionally, over 3% of freshmen who had been admitted as California residents were classified as nonresidents at the time of the census. If new nonresident enrollments were to continue at this same level, it is clear that the overall fraction of nonresident students would increase over the next few years to historically high levels.

The Impact of Recent Budgetary Actions by UCOP

Two recent decisions by the Office of the President have influenced the campus consideration of nonresident enrollments. In 2007 UCOP adopted policies that (1) provided separate “budgeted enrollment targets” for California residents and nonresident students, and (2) capped funding for California residents to the level established by UCOP.

Prior to 2007, the Office of the President had set an overall target for undergraduate enrollment, but had provided enrollment funding (associated with the Marginal Cost of Instruction or MCOI) even if the campus exceeded this target. There was a penalty to campuses if they did not meet the target, so there was an obvious incentive for campuses to consider the target as a “floor” for enrollment. As far as funding that UCOP provided to campuses, there was no distinction between California residents and nonresidents. The actual source of the funds that

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UCOP had for MCOI funding to campuses did, of course, differ. UCOP received funding for residents from the State of California, while the net payers among the nonresident students paid nonresident tuition.

When UCOP established separate resident and nonresident enrollment targets for each campus, it also charged each campus with covering the cost of its nonresident students. The central funding that the campus had received for these students (on the order of \$67M in 2007 – 2008) was removed, with the concomitant requirement that this “lost funding” would be generated directly by the campus through the students’ NRT payments. The Berkeley target for undergraduate nonresident “net payers” was originally set at, and remains, 2,100. At the time that this policy was introduced, the campus was not generating sufficient NRT to cover this loss of revenue, despite the fact that the total number of nonresident undergraduate students at Berkeley exceeded the target identified by UCOP. Given the fact that only about 85% of nonresident undergraduates at Berkeley pay NRT, the net payer target of 2,100 translates to an overall target of about 2,500 nonresident undergraduates. For fall 2008, this corresponds to about 10% of the undergraduate population. Thus, the 10% target that AEPE had set became the de facto target from UCOP. Given the budgetary implications of not meeting this target, the 10% figure for nonresident enrollment must be considered a minimum.

At about the same time, the Office of the President decided that it could no longer pay for students over the enrollment target at a particular campus. Currently, Berkeley is approximately 2,000 students over-enrolled, resulting in an associated reduction of over \$20M in Marginal Cost of Instruction funding. This reduction is partially compensated by the education and registration fees that all students pay and the campus retains.

These two budgetary decisions have resulted in competing pressures on campus enrollment. Since a 10% nonresident enrollment level is the minimum necessary to achieve the NRT funding target, there is an obvious motivation to increase the number of nonresident students enrolled, especially since the campus retains the NRT that is generated even if it exceeds the target set by UCOP. Some of this NRT is then available to defray the educational costs of those students for whom the campus is not receiving MCOI funding. This potentially allows more California resident students to enroll than would otherwise be possible. At the same time, the fact that the campus is essentially at capacity does not easily allow an increase in nonresident enrollment. In the situation of maximum enrollment, increasing nonresident students must be accommodated by a decrease in California residents.

AEPE believes that this is the critical aspect of the discussion. Any proposal to increase nonresident enrollment must demonstrate that the increase will result in at least as much, or more, opportunity for California residents, not less.

Changes in the balance between resident and nonresident students will also affect the socioeconomic and ethnic diversity of the campus population. While AEPE values the diversity of background and experience that nonresident students bring to campus, increasing the percentage of nonresident students imposes a “diversity cost” as well. Nonresident students do not have access to most of the financial aid available to California residents, so those who accept our offer of admission are generally from relatively wealthy backgrounds. Similarly, nonresident students lack the ethnic diversity of students who are California residents. For the 2008 – 2009 admissions cycle, 1,281 admitted underrepresented minority students stated their intention to register at Berkeley. Of this total, only 11 were nonresidents. Thus, while domestic and

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international nonresident students are themselves one source of diversity, displacement of California residents by nonresident students ultimately works against the goals of socioeconomic and ethnic diversity.

Given that most nonresident students pay NRT without California financial aid, it is worth reinforcing the fact that admission decisions are made without consideration of the ability of the student (or the student's family) to pay the full cost of attendance. It is unacceptable to consider admitting students on the basis of their ability to pay.

Conclusion

AEPE reaffirms that the current balance of resident and nonresident undergraduates at Berkeley remains appropriate, despite the pressures that now exist to increase the number of nonresident students. Further, AEPE believes that enrollment growth from the current level will have a negative impact on the quality of education. Given the importance of diversity, access and service to the State, we submit that any proposal to increase nonresident enrollment must demonstrate that the increase will result in at least the same, or more, opportunity for California residents, not less.