

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;
- 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.

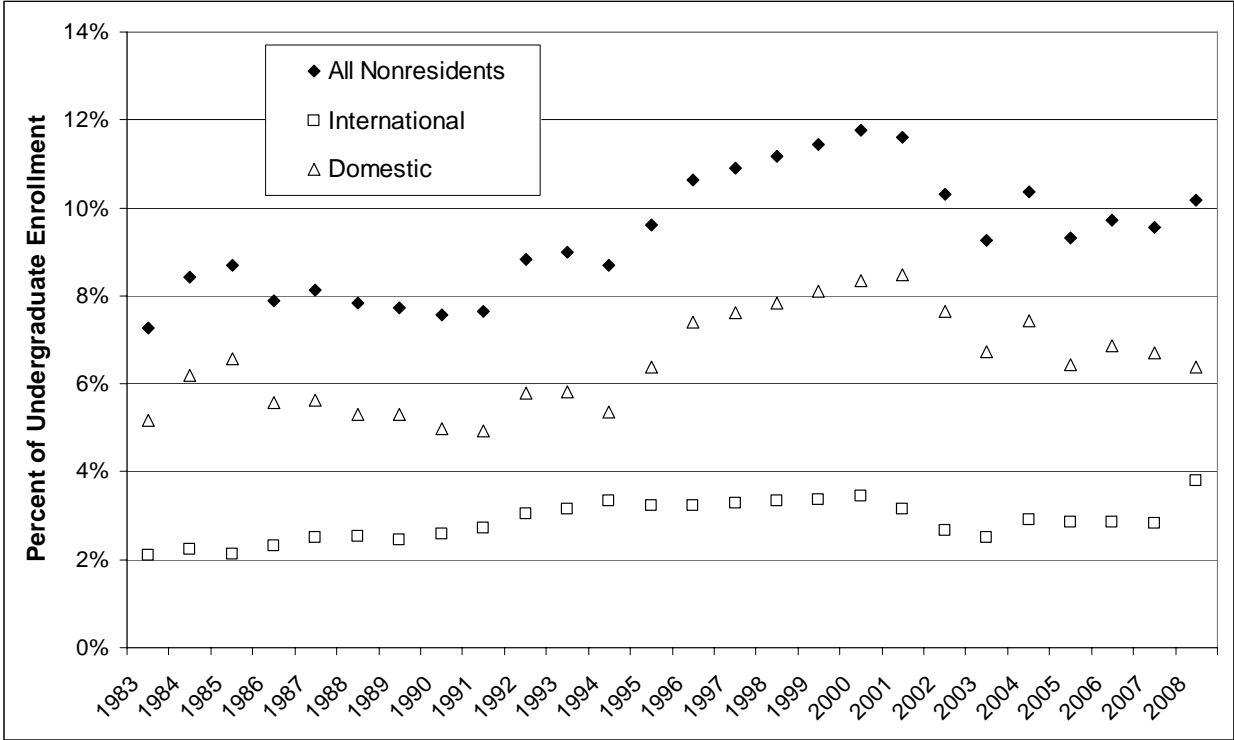
In sum, AEPE believes that additional nonresident enrollment will detract from the land-grant mission of the University as a whole, and from Berkeley’s ability to serve as an educational engine for individual social mobility, and for cultural and political change.

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.



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 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 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.