

July 31, 2009

To: Robert Birgeneau, Chancellor
George Breslauer, Executive Vice Chancellor and Provost

From: Undergraduate Enrollment Task Force

Re: Interim Task Force Report on Enrollment Plans Requested by the Office of the President

Background: President Yudof would like to have a discussion with the Regents at their September meeting regarding systemwide enrollment plans for the 2010-11 academic year and beyond. In preparation, President Yudof has asked each campus to submit individual enrollment plans for FY10 through FY14 for new and total students, by level, residency, general campus, and health science. Responses are due August 3. OP also indicated: “Campuses should develop a proposal that helps achieve a systemwide goal of reducing unfunded enrollments. ... Campuses proposing to reduce CCC transfer enrollments below the 2009-10 targets should provide explanations.”

In FY2009-10, the Berkeley campus is projected to be over-enrolled by ~2,150 FTEs for Undergraduate (UG) California (CA) Residents. The campus is budgeted for 20,334 UG CA Resident FTEs in the fall/spring terms and we anticipate coming in at 22,480 FTEs in FY10. If the current new student enrollment targets are maintained, the CA over-enrollment will likely increase by another 400 to 500 students by FY2015.

Process: The UG Enrollment Task Force met three times for a total of 10 hours between July 7 and July 29, and analyzed a considerable amount of data regarding admissions, enrollment and the financial implications associated with resident and non-resident students. The Task Force benefited greatly from the outstanding work of analysts in both the Office of Undergraduate Admissions (OUA) and the Office of Planning and Analysis (OPA). The focus of this initial work of the Task Force was to develop recommendations that would allow the Campus to respond to the OP request by the August 3 deadline. Future meetings will address the other topics addressed in the charge letter to the Task Force.

Principles: In developing its recommendations, the Task Force recognized that the campus needs to make painful compromises and tradeoffs to bring campus enrollment into balance with available resources. For example, there are many pedagogical and intellectual benefits associated with having more domestic out-of-state and international students on the Berkeley campus. At the same time, decreasing CA resident students will, at least in the short term, likely result in a less diverse student body – an outcome that the Task Force finds appalling, and which runs counter to core values of the campus community.

In developing its recommendations, the Task Force was guided by the following principles:

- Berkeley’s undergraduate enrollment for California residents should align with what the State is willing to support. The budgeted CA enrollment target could reasonably be considered as the measure of “what the State is willing to support.” However, the Task

Force notes that actual State funding for enrollment is expected to be well below the budgeted target.

- Any enrollment reductions in new CA undergraduates should consider the impact on enrollment consistent with our Organic Act roots. That is, the campus should seek a student body reflective of the State's rich cultural population from all walks of life, with a balance of low, middle and high income students, first-generation students, and students from low performing schools.
- Any enrollment increase in non-resident undergraduates should contribute to the benefit and welfare of CA students.
- It is appropriate to identify non-resident tuition as a source of revenue that allows more CA residents to enroll than are funded by the State.
- Consistent with the CA Master Plan for Higher Education, non-resident undergraduate students admitted to Berkeley should at least as competitive as CA resident admits.
- Enrollment plans for the campus should preserve the principles outlined in the CA Master Plan for Higher Education for transfer students (i.e., the 2 – 1 ratio of freshmen to transfers students).
- Berkeley should not compromise the quality of education in order to accommodate students beyond its maximum capacity. The Task Force believes that the current freshman enrollment of 4300 is unsustainable, and that this level of Fall freshmen in 2008 – 2009 had an unacceptable impact on the quality of the lower division at Berkeley.
- Berkeley should preserve its role of serving the California community and resist moving towards a private university model or having a very high non-resident population such as those at Michigan or Virginia, where of 35% or more of undergraduates are non-residents

It is worth noting at this point that this process has brought into sharp focus the fact that the Chancellor's "moderate fee/high return-to-aid" proposal might have been a more appropriate approach for the Berkeley campus to address the financial challenge that it now faces.

Recommendations: Given the above, the Task Force recommends:

- Reducing the CA Undergraduate population to the State budgeted target within four to five years.
- Reducing the total Fall Freshmen class beginning in 2010 from 4,300 to 4,100 students.
- Reducing the CA residents in the Fall Freshmen class from 3,750 to 3,150.
- Maintaining the Spring Freshman class at 900 students.
- Reducing the Fall Transfer class from 2,250 to 2,100 students.
- Reducing the CA residents in the Fall Transfer class from 1,700 to 1,650.
- Maintaining the Spring Transfer class at 300 students.
- Maintaining the 2-to-1 ratio in the mix of CA freshmen and transfers.
- Reducing the non-resident transfer targets from CA community colleges, as the depth of pool is currently insufficient to meet the target.

The suggested new student targets are:

	Fall		Spring	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
Freshmen				
CA Resident	3,725	3,150	850	850
Non-Res (Net Payers)	<u>575 (13.5%)</u>	<u>950 (23.2%)</u>	<u>50 (5.6%)</u>	<u>50 (5.6%)</u>
Total	4,300	4,100	900	900
Transfers				
CA Resident	1,700	1,650	250	250
Non-Res (Net Payers)	<u>550 (24.4%)</u>	<u>450* (21.4%)</u>	<u>50 (16.7%)</u>	<u>50 (16.7%)</u>
Total	2,250	2,100	300	300

* Note that the apparent “decrease” in non-resident transfer students reflects the fact that for 2009 – 2010, the pool of applicants was not sufficiently deep to actually achieve the target of 550.

The recommendation to decrease CA residents more aggressively at the freshman level in order to achieve the budgeted enrollment target at steady-state is related to the greater depth of the non-resident freshman pool relative to transfer applicants, and to a desire to provide continued access to Berkeley to CA residents through the transfer route.

Increasing non-resident freshman from the current level of 13.5% to the proposed 23.2% may be quite challenging to achieve in the short-term. This would require a very large increase in the number of non-resident applicants who are admitted, and previous yield trends may not provide accurate predictions of the number who will actually enroll.

Revenue Impact: The new student recommendations presented above will generate approximately \$7m in additional net revenue to the campus in the first year (above revenue generated in 2009 – 2010) and will result in annual net revenue of approximately \$29.5m by the fourth year, if the new enrollment targets are maintained. These revenue projections factor in the reduction in Ed/Reg fees revenue associated with the decrease in CA students, the increase in NRT from the additional non-resident students, and includes the return-to-aid for the Ed/Reg fees. These projections do not address the fact that the State is not expected to actually fund the University at the budgeted level.

At steady-state, the projected enrollment of CA resident undergraduates would be approximately 250 FTE students above the budgeted target. The Task Force considers this level of over-enrollment to be reasonable, given the 1% range allowed by OP.

Net revenue from non-resident tuition (NRT) should be used to maintain campus diversity and quality of education for all undergraduates, through support of outreach efforts, TAS, in-state recruitment for community colleges, financial aid for CA residents, etc. However, the Task Force does not feel it appropriate to recommend specifically how such additional revenues be allocated.

As noted previously, the fact that the State is not funding the University at the level of its enrollment target presents a major challenge to the campus. Even if enrollment is reduced to the budgeted level for CA residents, the campus will still be educating a large number of students for whom we receive neither State support nor NRT. It is this group of students who are effectively subsidized by the substantial increase in non-residents proposed. Were the number of non-residents not as large, we would not be able to admit and educate as many CA residents.

Non-Resident Impact: If the above recommendations are adopted, the percentage of non-resident undergraduates would rise from the current 10% to approximately 22% over five years.

Diversity and Access Impact: With respect to diversity and access, the new student targets are estimated to result in a decrease in the percentage of underrepresented Fall Freshmen from 14.3% to 13.0%. It is estimated that the number of African American freshmen in the Fall class would decrease from 121 to approximately 105; Chicano/Latino students in the cohort would be expected to drop from 498 to 410; first-generation students would decline from 681 to 580; and students from schools with low API scores would drop from 577 to 480.

The anticipated decrease in transfer students will be considerably smaller, given the smaller change in the target for CA residents. For fall transfers, the overall percentage of underrepresented students is expected to drop from 18.6% to approximately 18.3%; Fall African American transfers would drop from 90 to 85 new students; and new Chicano/Latino students would be expected to decrease from 327 to approximately 300.

Although the reductions in the numbers of under-represented freshman and transfer students in the proposed enrollment plan may seem minor, they would be imposed on what are already unacceptably small numbers of these students currently enrolled at Berkeley. Revenue generation, even in a time of great financial stress, should not be touted as a sufficient end to justify an approach to problem-solving that inherently runs counter to the campus mission with respect to our obligation to educate the broadest possible spectrum of qualified CA residents. New policies should be developed and implemented, with full personnel and logistical support, that are designed to bring the anticipated reductions in student numbers detailed above as close as possible to zero, i.e., with the expressed goal of no net loss of students in any of the categories of underrepresented students as a result of decreasing the number of CA residents. If a fraction of the revenue generated was devoted to the most effective academic preparation and yield activities, along with re-doubled efforts to achieve parity of graduation rates among all students, that would help save UC's commitment to serve its broad population equitably, utilize the full talent pool, and derive the academic benefits of diversity.

Alternatives and Limits:

Assuming the current budget, the Task Force recommends a floor of 3,150 CA freshmen and 1,575 CA transfers for the fall semester. Enrolling students below these levels would lead to under-enrollment with respect to the budgeted targets for CA residents. The Task Force also examined an (extreme) upper limit of 35% in non-resident undergraduates. Below are the estimated numbers of freshmen required to meet different non-resident percentage targets, if the campus chose to substantially increase its non-resident population through freshman admissions:

Total Fall Freshmen	% Non-Res	Non-res	CA Res	Annual Net Revenue		UREM	% UREM Decrease
				Year 1	Year 4		
4300	13.5% (current)	580	3,720	\$0	\$0	638	--
4100	23.2% (proposed)	950	3,150	\$7.0m	\$29.5m	526	17.5%
4100	25%	1,025	3,075	\$8.6m	\$36.1m	512	19.7%
	30%	1,230	2,870	\$13.1m	\$54.1m	471	26.2%
	35%	1,435	2,655	\$17.6m	\$72.2m	431	32.4%
4300	25%	1,075	3,225	\$10.8m	\$44.6m	541	15.2%
	30%	1,290	3,010	\$15.5m	\$63.6m	499	21.8%
	35%	1,505	2,795	\$20.2m	\$82.5m	457	28.4%

As noted previously, the Task Force does not recommend maintaining fall freshman enrollment at the current level of 4,300, despite the potential for increased revenue. The burden on gateway courses, and on the lower division offerings in general, appears to be too great at this level of enrollment. Further, increasing the number of non-residents beyond the recommended level would leave the CA resident enrollment below the State's budgeted target, which would contradict the first principle articulated earlier.

Next Steps: The Office of Planning and Analysis will complete the template for the Office of the President upon final recommendations from the Chancellor and Provost.