Graduate (GR) Application Fee Revenue
Report to the Funding Streams Budget & Tax Workgroup

Summary
• Under current practice, UCSD collects the GR application fee revenue, retaining ~40% for the operations of three admissions offices on campus (OGS, SOM, and SSPPS) and returning the remainder to UCOP as 19900 funds.
  □ UCSD share is recorded and expended as Student Fee Fund 20079, on a one-time basis, annually.
  □ SSPPS retains only 1/3rd of fee ($20).
  □ SOM supplemental fee is only for selected applicants rather than all applicants.
• Under the new model, all GR application fee revenue will be retained on campus.
  □ This transfer is revenue neutral in FY 10/11.
  □ The share previously sent to UCOP will be a fund swap with 19900 funds permanently budgeted.
    → Must be expended as UC General Funds on 199xx (19933, 19941, or 19942).
  □ OGS/SOM/SSPPS portion may still be recorded and expended as student fees (fund 20079).
    → Previous info from UCOP, possibly under reconsideration per comments summary of 3/29/11.
  □ Future increases may be recorded as student fees (no need to split with UCGF).

Current Funds Flow
See Attachment 1.

Known or Potential Issues Identified
• One-time funding will have to be permanently budgeted (at least the UCGF portion).
• Swapped funds will have to be re-budgeted as UC General Funds 199xx.
• Permanent budget will have to be reconciled to actual receipts and revised annually.
• The current 19900 budget for OGS admissions processing is $151.8k, significantly less than the available GF revenues being returned. Fund-swapping may have to occur elsewhere with OGS/VCAA.
• Changing 19900 to 199xx eliminates reimbursement from central benefits pool – options:
  □ Add 199xx to programming for reimbursement from benefits pool
  □ Transfer some portion (funded rate?) to swapped budgets
  □ Decentralize entire benefits pool

Central Campus Processes
Annual revenue estimates for budgeting purposes. Campuses are supposed to permanently budget projected increases in revenue.
• CBO is responsible for recording permanent increases and decreases to core funds.
  □ Depending upon how campus budgets incremental increases, OGS/SOM/SSPPS may be responsible.
  □ Process needed to ensure UCGF revenue portion is maintained.
• Basis of permanent budgets TBD: immediate prior year actual revenues or two-years prior? (budgets to be reconciled to revenues at fiscal year-end)
Local Resource Allocation Options
The portion of application fee income returned to campuses has always been used to defray the costs of admissions processing. (Ref: letter from President Dynes, June 13, 2008 -attached)

- **Option 1 (recommended)**
  Permanently budget and allocate all revenues generated from GR application fees to respective admissions offices (OGS/SOM/SSPPS), including the fund-swapped portion from 19900 to 199xx.
  
  **PROS:**
  - Easy to administer, report out, etc., as all revenues are located in the relevant admissions offices.
  - Strengthens internal controls by increasing incentive for revenue collections.
  - Funds used in accordance with intent of the fee.
  
  **CONS:**
  - Puts the risk on VCAA and VCHS to absorb potential revenue decreases if revenues decline.
  - May provide increased resources to VCAA and VCHS outside the Chancellor’s Budget Committee process.
  - May require further fund swapping outside admissions offices if current expenditure budgets are less than incoming revenues (as in the case of OGS).

- **Option 2**
  Allocate all GR application fees to all VC units based on a methodology to-be-determined through the Chancellor’s Budget Committee process. (This option contemplates that OGS/SOM/SSPPS shares are held at least to FY 10/11 level of one-time funding.)
  
  **PROS:**
  - All units would share in decreases and increases to the revenue based upon an agreed-to methodology.
  
  **CONS:**
  - Small return on workload investment – only application growth is in OGS; SOM and SSPPS hold flat.
  - Increased workload in multiple VCs to expend on another fund source.
  - Severs direct link between admissions processing (workload) and revenue.

- **Option 3**
  Permanently allocate the FY 10/11 level of revenues to respective admissions offices (total $1.2M with fund swap). Hold all future revenue increases or decreases in central account. Surpluses may be allocated periodically by the Chancellor’s Budget Committee.
  
  **PROS:**
  - Easy to administer.
  - Funds used in accordance with past practice.
  
  **CONS:**
  - Puts the risk on Chancellor to absorb potential revenue decreases if applications decline from prior year and no surplus available (or could be allocated as a cut to VC units).
  - Severs direct link between admissions processing (workload) and revenue.
  - Weakens internal controls for revenue collection.
Graduate Application Fee Revenue -- Historical Actuals v. Future Estimates
(revenues are collected in the stated fiscal year)

<table>
<thead>
<tr>
<th>Revenue</th>
<th>FY 08/09</th>
<th>FY 09/10</th>
<th>FY 10/11</th>
<th>FY 11/12</th>
<th>FY 12/13</th>
<th>FY 13/14</th>
</tr>
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<tbody>
<tr>
<td>OGS</td>
<td>$423,161</td>
<td>$491,549</td>
<td>$642,100</td>
<td>$904,700</td>
<td>$1,116,600</td>
<td>$1,160,300</td>
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<tr>
<td><strong>Change</strong></td>
<td>$262,600</td>
<td>$211,900</td>
<td>$43,700</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Med-Ed</td>
<td>28,085</td>
<td>49,580</td>
<td>83,350</td>
<td>168,000</td>
<td>168,000</td>
<td>168,000</td>
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<td><strong>Change</strong></td>
<td>$84,650</td>
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<td>-</td>
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<tr>
<td>Pharmacy</td>
<td>21,963</td>
<td>22,560</td>
<td>19,040</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
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<tr>
<td><strong>Change</strong></td>
<td>$40,960</td>
<td>-</td>
<td>-</td>
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<tr>
<td>OP</td>
<td>564,975</td>
<td>633,181</td>
<td>687,600</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total</strong></td>
<td>$1,038,184</td>
<td>$1,196,870</td>
<td>$1,432,090</td>
<td>$1,132,700</td>
<td>$1,344,600</td>
<td>$1,388,300</td>
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<tr>
<td><strong>Change</strong></td>
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<td>$(299,390)</td>
<td>$211,900</td>
<td>$43,700</td>
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Notes/assumptions:
- FY 10/11 estimate assumes April 2011 revenues represents 100% of collections
- 10/11 revenues are ~$250k higher than expected based on applicant and fee data (this is being researched)
- The estimated increase in the OP/GF share of 10/11 revenues ($54.4k) is not required to be budgeted as GF
- OGS revenue estimates based on six-year historical growth of 3.9% annually in applications
- No applicant growth projected for Med Ed and Pharmacy as numbers are consistent annually
  - Med-Ed program invites a select number of applicants from the general applicant pool to submit a secondary application which is what generates this income
- Application fees:
  - OGS/Med-Ed fee for Fall 2009: $70 residents; $90 international
  - OGS/Med-Ed fee for Fall 2011: $80 residents; $100 international; goes up $10 each for Fall 2015 admissions
  - Pharmacy fee is $60.
CHANCELLORS

Dear Colleagues:

Consistent with my authority under Section 100.4(g) of the Standing Orders of The Regents, I am approving a $10 increase in the Graduate Application Fee, effective immediately for individuals applying for Fall 2009 admission. With this increase, the Graduate Application Fee, currently set at $60 for U.S. applicants, will increase to $70. For international applicants, the Fee will increase from a maximum of $80 to a maximum of $90. In addition, I am approving a $10 increase in both the domestic and international Graduate Application Fee beginning in Fall 2011 for individuals applying for Fall 2012 admission, and an additional $10 increase beginning in Fall 2014 for individuals applying for Fall 2015 admission.

As is the current practice for the Universitywide Graduate Application Fee will continue to be rewarded to the Office of the President and be considered General Fund income and used to fund the University's General Fund budget. The income from the remainder of the fees will be retained at the campuses, also the current practice, to defray Graduate Division expenses related to processing graduate applications.

In recognition of the hardship that implementation of the application fee increase may place on some students, I ask that you continue to ensure the availability of waivers and financial aid to cover the cost of the fee for needy students and participants in programs that prepare undergraduates for graduate education, in accordance with local campus practices. I also ask that you provide information about the Graduate Application Fees annually to the Office of the President's Budget Office.
My approval based on the recommendations submitted by Graduate Dean Gibeling of the Davis campus on behalf of the Council of Graduate Deans. Please contact Associate Vice President Ohley if you have any questions.

Sincerely,

cc: Provost Hume
    Executive Vice President Lapp
    Vice President Beckwith
    Vice President Lenz
    Associate Vice President Ohley
    Graduate Deans
    Graduate Dean Gibeling