Undergraduate (UG) Application Fee Revenue
Report to the Funding Streams Budget & Tax Workgroup

Summary
- Under current practice, UCOP collects the UG application fee revenue, retaining 75% for central operations and returning the remainder to campuses as 19900 funds.
  - UCSD campus share has always been one-time funding directed to Student Affairs.
- Under the new model, all UG application fee revenue will be returned to campuses based on the distribution of applications received by campus.
  - This transfer is revenue neutral in FY 10/11.
  - The share previously retained by UCOP will be a fund swap with 19900 funds permanently budgeted.
  - Must now be expended as UC General Funds on 199xx (19933, 19941, or 19942).

Current Funds Flow
See Attachment 1.

Known or Potential Issues Identified
- One-time funding will have to be permanently budgeted, either centrally or at VC level.
- 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.
- VCSA permanent 19900 budget for admissions processing is $2.1M. VCSA could accommodate all the fund-swap if the related benefits pool dollars are also swapped.
- 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 State and UC General Fund revenues.
- Allocations should continue to be based upon prior-year actual revenues.

Local Resource Allocation Options
The portion of application fee income sent to campuses has always been given with the “intent” the funds would be used to augment admissions processing. (Ref: letter from President Dynes, Sept. 7, 2004 -attached)

- Option 1 (recommended)
  Permanently budget and allocate all revenues generated from UG application fees to VCSA, including the fund-swapped portion from 19900 to 199xx.

  PROS:
  - Easy to administer, report out, etc., as all revenues are located in one VC unit.
  - Funds used in accordance with intent of the fee.

  CONS:
  - Puts the risk on VCSA to absorb potential revenue decreases if applications decline from prior year.
  - Provides increased resources to VCSA outside the Chancellor’s Budget Committee process.
Option 2
Allocate all UG application fees to all VC units based on a methodology to-be-determined through the Chancellor’s Budget Committee process. (This option contemplates that VCSA share is 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 – less than $100k in projected annual increased revenues.
- Increased workload in multiple VCs to expend on another fund source.

Option 3
Permanently allocate the FY 10/11 level of revenues to VCSA (total $2.9M 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 intent of the fee.

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).
### Undergraduate Application Fee Revenue -- Historical Actuals v. Future Estimates

*(FY Allocations are from prior year revenues)*

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Actuals FY 08/09</th>
<th>Actuals FY 09/10</th>
<th>Actuals FY 10/11</th>
<th>Estimate FY 11/12</th>
<th>Estimate FY 12/13</th>
<th>Estimate FY 13/14</th>
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### Budget

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<tr>
<th>Allocation</th>
<th>FY 08/09</th>
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<th>FY 11/12</th>
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**Notes/assumptions:**
- Revenues based on 3.6% growth in applications, both resident and international
- FY 11/12 allocation is amount of FY 10/11 UG fees received from OP in April 2011
- No change in application fee: $60 residents; $70 international
September 7, 2004

CHANCELLORS

Dear Colleagues:

Consistent with my authority under Section 100.4(g) of the Standing Orders of The Regents, I am approving the following increases in the University Undergraduate Application Fee for individuals applying to undergraduate degree programs effective for Fall 2005 admission:

- $45.00 for U.S. resident applicants
- $65.00 for international applicants

With these increases, the Universitywide Undergraduate Application Fee, currently set at $40.00, will be $55.00 for U.S. resident applicants and $65.00 for international applicants.

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 fee waivers to cover the cost of the fee for needy California resident applicants, as is the current practice.

The income from the current Universitywide Application Fee will continue to be considered income and used to help fund the University's General Fund. The income from the increases will be shared by the campuses offering undergraduate degree programs and the Office of the President on a prorated basis, with the intent that this additional revenue will be used to augment current admissions application processing.

If you have any questions or need additional information, please contact Vice President Hershman.

Sincerely,

/s/ Robert C. Dynes

cc: Members, President's Cabinet
    Associate Vice President Galligani
    Director Wilbur
    Coordination & Review
    Principal Officers of The Regents