Title

Does Capping Nonresident Students Really Help Californians?

Author

Chin, Jillian

Publication Date

2025-10-01

Jillian Chin

POL 195: Policy Analysis in California

Professor Jill Laufer

December 8, 2025

Does Capping Nonresident Students Really Help Californians?

Introduction

International students have historically brought in about $3.2 billion into California every year (Hergarty, 2014). Despite the significant revenue these students bring in, for the past decade the state legislature and higher education boards have debated whether to be concerned about the number of nonresident students. On one hand, nonresident students have contributed millions to universities across the nation. Legislators, on the other hand, believe in prioritizing the increased enrollment of California citizens. In 2017, the UC Regents Board passed Policy 2109: Policy on Nonresident Student Enrollment, which establishes a cap for non-resident student enrollment.

My research addresses the following question: Broadly, how does Regents Policy 2109: Policy on Nonresident Student Enrollment impact UCs finances? More specifically from academic year 2010/11 to 2023/24, how do changes in international student enrollment across UC campuses - resulting from Regent Policy 2109 - impact the percentage of UC undergraduates who receive financial aid from the University of California? In exploring the shifts of enrollment diversity characterized by resident status and financial aid, this study aims to determine whether this nonresident cap further burdens in-state students who make up the majority of the low income population at universities. My findings will provide insights on UC financial characteristics such as financial aid provided specifically from the University of California. To answer my research question, I gathered data on UC admission rates characterized by resident status; resident, domestic nonresident, and international nonresident, as well as UC student financial support - specifically grants from the University of California from the academic year 2010/11 to 2024/25. I use a correlation analysis to examine the link between non-resident enrollment and students who receive financial aid.

Context and Significance

When the Great Recession hit, UCs increased international student enrollment to compensate for the insufficient state funding (Jackson, Cook, & Perez, 2021). Since then the proportion of international students had been increasing, until the UC Board of Regents approved this capping policy. The revenue that international students bring into universities, prevent UCs from excessively jacking up tuition prices for California residents and allow lower income students to be subsidized by financial aid. Additionally, international students bring in revenue to fund resident housing, infrastructure maintenance, mental health services, supplies, etc. to maintain high quality education. In May of 2017, the UC Regency Board passed Policy 2109: Policy on Nonresident Student Enrollment, capping UCs nonresident enrollment. This Regent policy claims to be in service of California residence by limiting the acceptance of nonresident students to prioritize accepting increased rates of Californians. However, with international students bringing in about $3.2 billion (Hegarty, 2014) every year to California, it raises concerns if this policy will truly benefit Californians.

The Regents Policy 2109 enforces the following; 1) all campuses that enrolled fewer than 18% nonresidents of its undergraduates during the 2017/18 academic year – UC Davis, UC Merced, UC Riverside, UC Santa Barbara, and UC Santa Cruz – cannot exceed 18% of nonresidents in future enrollment classes. 2) The remaining campuses – UC Berkeley, UC Irvine, UCLA, and UC San Diego – must keep nonresident enrollment capped at the proportion that the campus enrolled during the 2017/18 academic year. For UC Berkeley that is 27%, for UC Irvine that is 23%, for UCLA that is 24%, and for UC San Diego that is 22%. For campuses with a cap at 18%, the policy emphasizes that California resident enrollment must represent a minimum of 82% of all undergraduate students. Therefore, it can be inferred nonresident student cap entails both domestic (a.k.a out-of-state) and international students.

Under the Trump administration, heightened scrutinization towards foreigners and immigrants has become common political discourse in America. This shift in attitude and concentrated focus on immigrants have bolstered popularity for stricter immigration policies to preserve national security and economic stability. Additionally, China contributes the largest proportion of America's international population out of all foreign countries. Furthermore, growing concerns regarding China and its rising geopolitical influence has propelled apprehension towards foreign students as a whole. As a result, many legislatures and constitutions concur with the Regent's decision to move forward with this policy to limit foreigners' entrance into this country.

A Literature Review

Academic Literature regarding Non-Resident students have mostly focused on the growth and significance of these students during the 2010s. Literature has only recently just touched on the declining numbers of nonresident students, in part due to the effect of the current federal administration. I have identified several key – *organized methodologically* – academic journals that demonstrate how various aspects of higher education, such as student costs and enrollment outcomes, are heavily influenced by the critical presence of non-resident students.

Hegarty (2014) discusses the importance of international students for public universities and the U.S. general economy. International students inject almost "$22 billion dollars into the

U.S. economy each year" and specifically in California, about $3.2 billion every year (Hegarty, 2014). Specifically, international students are vital to research universities and U.S. innovation; "a 10% increase in international graduate students correlates to a 4.5% increase in patent applications." (Hegarty, 2014) More specifically, Berkeley had previously aimed to reach their target of 20% undergraduate nonresident enrollment rates to make up for the years of over-enrolling California resident students who provide less tuition revenue (Douglass, 2014). Berkeley's competitive nature attracts rising numbers of international students and has historically enrolled a significant percentage of nonresident undergraduate students out of the UC campuses.

Curs and Jaquette (2017) goes in depth about the two perspectives; 1) according to higher education boards, nonresident enrollment growth is necessary for access for California residents and 2) according to legislators, nonresident enrollment restricts resident access. The findings from this journal suggest that legislators need not be concerned for nonresidents crowding out resident students. However, their findings also show that nonresident enrollment growth does not have a significant impact on resident enrollment. Jackson (2021) explains the logistics of Regents Policy 2109: Policy on Nonresident Student Enrollment; limiting nonresident enrollment to 18% across all campuses. It introduces two policies - State Budget Trailer Bill and UC Tuition Stability Plan - that the authors deem relevant to this issue and to take into consideration when reviewing the trends/data. This author voices concern regarding future financial impacts that these policies might have on UCs.

Fan (2025) looks at the recent 19% decline of international students and its correlation to the current federal administration delaying visa processing, instituted travel bans, threat of deportation, and vetting student visa applicants. The largest drop of international students are from Asia, with a 24% decline. This article discusses the potential impacts across different types of higher education such as STEM graduate programs, small art/religious, and flagship state schools. The author anticipates what the future might look like because of this significant drop in the last year, such as potential challenges in the STEM field.

Collectively, these articles emphasize the critical role of nonresident tuition revenue in higher education. International students not only bring in billions of dollars to the U.S., but they also are consistently linked with positive outcomes for U.S. innovation. However, declining rates of nonresident students encouraged by state legislators, uprooted additional issues. As UCs face decreased tuition revenue with the current administration attacking university funding, they are compelled to move the financial burden onto in-state students through increased tuition and fees and decreased financial aid. This disproportionately affects low-income and minority students, who already face systematic barriers.

Amongst these articles, the monetary significance of nonresident students, specifically international students, is a frequent theme. In times of need, the enrollment of nonresident students was a reliable, consistent resort. While these studies highlight various aspects of nonresident students' impact on higher education, there are gaps in existing academia that I will dive deeper into. Firstly, the academic articles have yet to address the recent decline in UC nonresident students since the passing of Regent Policy 2109. These articles more so discuss the period of increased international students that occurred in the 2010s. These increased numbers at the time grew heavy concerns amongst state legislators who argued that UCs needed to further prioritize California citizens.

Secondly, the news articles that do acknowledge the decline in nonresident students and its potential consequences, offer limited research and data. Given the youth of this policy, it is unsurprising the limited data and analysis surrounding this topic. To fill these gaps, I will conduct research upon recent enrollment rates that detail the rate of both California resident students and nonresident students. By analyzing enrollment trends, in conjunction with financial aid rates, I aim to provide an updated understanding of the positive effects nonresident students bring to universities.

Theory and Hypothesis

I hypothesize the passing Regents Policy 2109: Policy on Nonresident Student Enrollment will affect UC's financial aid. More specifically, I hypothesize that the passing Regents Policy 2109: Policy on Nonresident Student Enrollment will decrease international nonresident and domestic nonresident student enrollment, therefore hurting UCs' financial aid. The reasoning behind this hypothesis is the decline in nonresident students will generate less tuition revenue, affecting UCs budget and financial decision making. Additionally, given that increasing enrollment of nonresident students has historically been a response to a lack of state or federal funding due to economic nationwide recessions, it is likely that UCs will be significantly impacted following the great decline of nonresident tuition revenue.

The causal mechanism of lowered nonresident enrollment rates is the foundational premise behind my hypothesis. Lowered nonresident enrollment rates will lower UCs budget to subsidize lower income students. Resource Dependence Theory (RDT) provides a more thorough perspective to support my hypothesis. RDT originally explored organizational behavior shaped by dependence on external resources for the organization's survival. Since the early 2000s, this theory has been applied to public institutions of higher education to further explain financial behaviors (Fowles, 2014). These external resources often involve some form of funding, in this case funding from tuition revenue. Tuition revenue - specifically coming from nonresident students - is a critical resource that significantly influences the financial structure of the universities. RDT, in application to higher education, indicates that universities will shift their revenue structure to reduce their dependence on one revenue source, such as tuition revenue. In actively reducing this resource, the UC system is forced to turn to alternative sources of revenue, such as state general or federal funds, to maintain finances and budgeting. A positive correlation between the rate of nonresident students and students who receive financial aid aligns with this theoretical lens.

Research Design

The independent variable is the passing Regents Policy 2109: Policy on Nonresident Student Enrollment; therefore I will compare and contrast data before the policy was approved in 2017, and after. Under time constraints of this project, I was unable to adequately isolate these two variables to prove they have a direct relationship, but rather gather data to make a correlated observation. To reiterate, given how recent this policy was passed, there has been limited acknowledgment regarding recent enrollment rates and its trends. So my main focus of this project was determining the dependent variable of enrollment rates and trends for each resident status category; resident, domestic non-residents, and international non-residents. I gathered data based upon the University of California's Undergraduate Admission Summary which also includes applicants, admits, and enrollees by residency, ethnicity, and source school type. I collected data strictly based upon the percentile of new incoming students, which will include freshman and transfers, to control for confounding factors such as dropout rates. Therefore my control variables will be retention rates, as well as student income status. I will gather data on the rate of students who receive pell grants - which will provide a stand-in proxy variable for low income status.

These variables provide context for my theory; that the lowered rate of nonresident students is the proposed causal mechanism to explain the impacted effect of UCs' ability to provide financial aid due to the amount of tuition revenue these types of students bring in. My second, observational dependent variable, UC's financial aid, will be measured by looking at the percentage of students who have received financial aid specifically from the University of California. I will include both non-need based and need based for this data collection. It must be noted that I was unable to determine if the students who received financial aid were all California residents, but it is common knowledge that the majority of these students would be California residents. This data source comes from University of California Information Center: Student Financial Support Data Tables, which includes financial aid awards to UC students by award source. This operationalization was chosen because financial aid is a direct support that assists mainly California residents. Regent Policy 2109 specifically aims to assist California residents, therefore, a decline in UC-provided aid would call into question whether this policy truly benefits the intended beneficiaries.

The unit of analysis is the UC system as a whole, as well as all nine UC individual campuses. I conducted a large n-quantitative analysis, in depth multiple case analysis, and time series analysis spanning from academic year 2010/11 to 2024/25. Therefore, in examining all nine UC campuses and systemwide, each category (ex. California Resident) totaled to 140 observations. Amongst all six categories – California Resident, Domestic Nonresident, International Nonresident, Financial Aid, Pell Grant, and Retention Rates – a total of 840 observations were collected.

Research Methods

A Point-biseral test will be administered to explore the relationship between Regent Policy 2109 and nonresident enrollment, as well as Regent Policy 2109 and rate of financial aid. A Point-biserial serves as an appropriate analysis as it measures the relationship between a binary variable and a continuous variable. Determining if the Regent Policy 2109 affected these two dependent variables is the main objective of my research.

To analyze the relationship between UC enrollment rates of nonresident students and the financial burden of UC in-state students, a Pearson's r test will be used. Specifically, a Pearson's r test will be used to look at the relationship between UC enrollment rates of nonresident students and the rate of UC students who receive financial aid from the University of California, as well as the relationship between UC enrollment rates of nonresident students and the rate of UC students who received pell grants. Pearson's r was chosen for this data analysis because it measures the strength and direction of a linear relationship between two continuous variables.

The research will include a line graph depicting the trend of international student enrollment, a bar chart showing the proportion of out-of-state students and international students, a scatterplot illustrating the relationship between Regent Policy 2109 and rate of students who receive financial aid, a scatterplot illustrating the correlation between UC enrollment rates of nonresident students and the rate of UC students who received financial aid from the University of California, and a scatterplot illustrating the relationship between UC enrollment rates of nonresident students and the rate of UC students who received pell grants. All visuals cover academic years 2010/11 to 2024/25. These visual representations are crucial to help illustrate patterns over a period of time and illuminate relationships between enrollment and finances.

Results & Figures

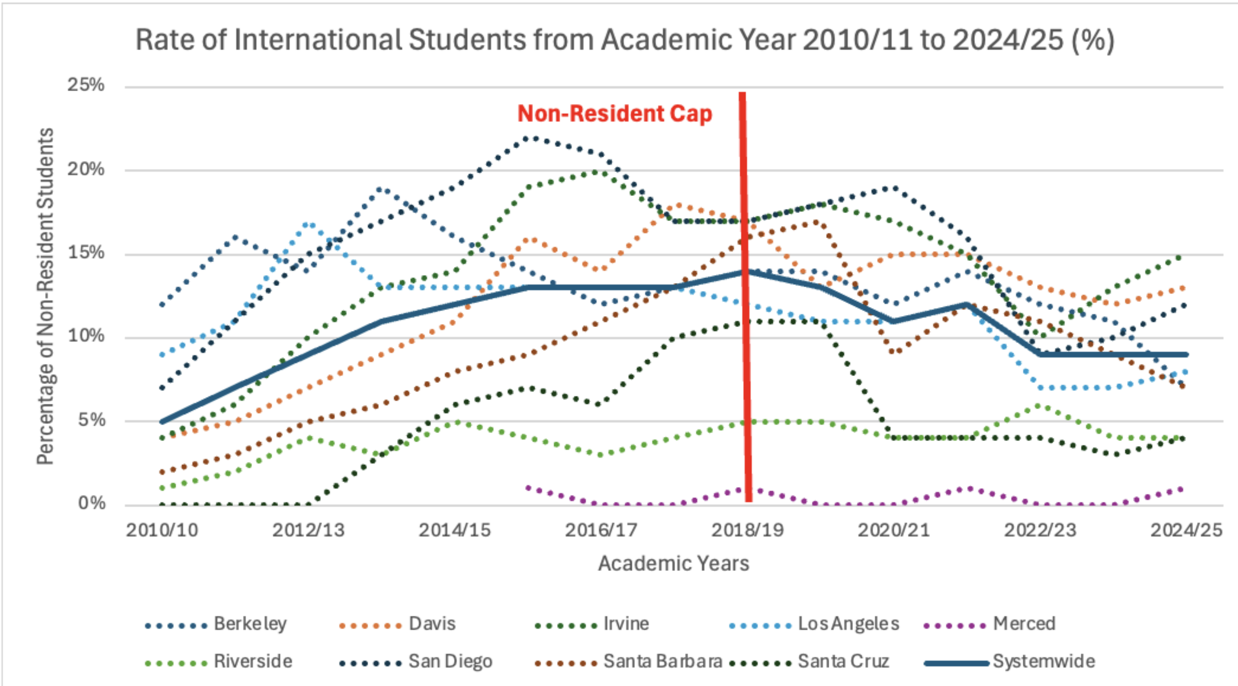

Figure 1. Percentile of International Students (Academic Year 2010/11 to 2024/25) Data Source: University of California Undergraduate Admissions Summary

A Point-biserial test revealed no statistically significant correlation between Regent Policy 2109 and nonresident enrollment from academic year 2010/11 to 2024/25. However, this test focuses on the dichotomous comparison of enrollment rates before and after the policy was implemented. So to better track enrollment trends, I plotted nonresident enrollment rates in a line graph (Figure 1). The line graph demonstrates two notable trends; 1) an increase in enrollment rates from academic year 2010/11 to 2018/19, before the policy was enacted. This Great Recession in the 2000s likely contributed to this upward trend in nonresident enrollment. 2) Furthermore, the line graph shows decreased enrollment rates from academic year 2018/19 to 2024/25, after the policy was implemented. The immediate effect of Regent Policy 2109 seems to have a lasting impact, as nonresident rates continue to decline in recent years.

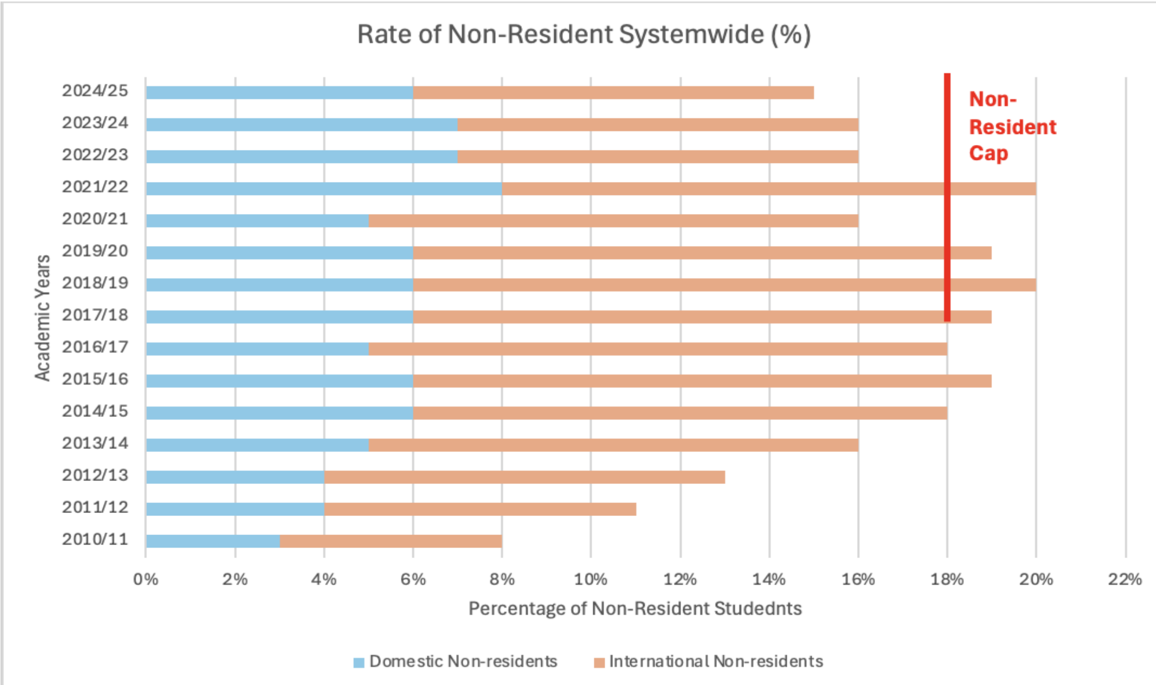

Figure 2. Percentile of Non-Resident Students (Domestic Non-Resident & International Non-Resident Students) (Academic year 2010/11 to 2024/25) Data Source: University of California Undergraduate Admissions Summary

Figure 2 is a bar chart showing the rate of nonresidents, including domestic students and international students, across all UC campuses. When Regent Policy 2109 was initiated in 2017, nonresidents made up about 19% of all UC students. Despite the general cap at 18%, UCs systemwide have gone well below that rate, currently standing at 15%. Diving into more specifics, UC Berkeley with a cap of 27% and UCLA with a cap of 24%, have dramatically decreased their rate of international students. UC Berkeley currently has a nonresident enrollment rate of 14% and UCLA at 17%.

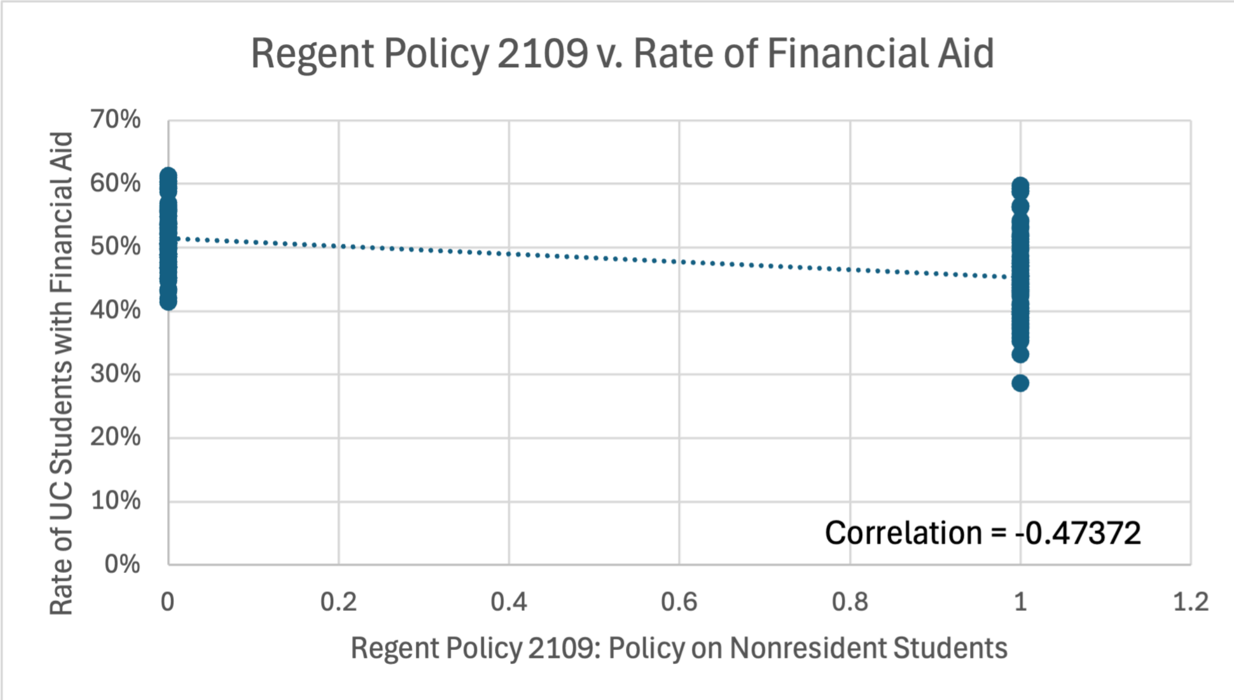

Figure 3. Correlation Between Regent Policy 2109: Policy on Nonresident Students & Percentile of Students who Received Financial Aid from the University of California (Academic Year 2010/11 to 2024/25) Data Source: University of California, Student Financial Aid Data Tables

A Point-biserial test was conducted to measure the correlation between Regent Policy 2109: Policy on Nonresident Students and the rate of students who received financial aid from the University of California. A scatterplot compares the rate of students who received financial aid before Regent Policy 2109 was implemented and after. A trend line demonstrates a moderate negative correlation, with an r-value of -0.47372. In simpler terms, the rate of financial aid on average was lower following the implementation of Regent Policy 2109, compared to before the policy was implemented.

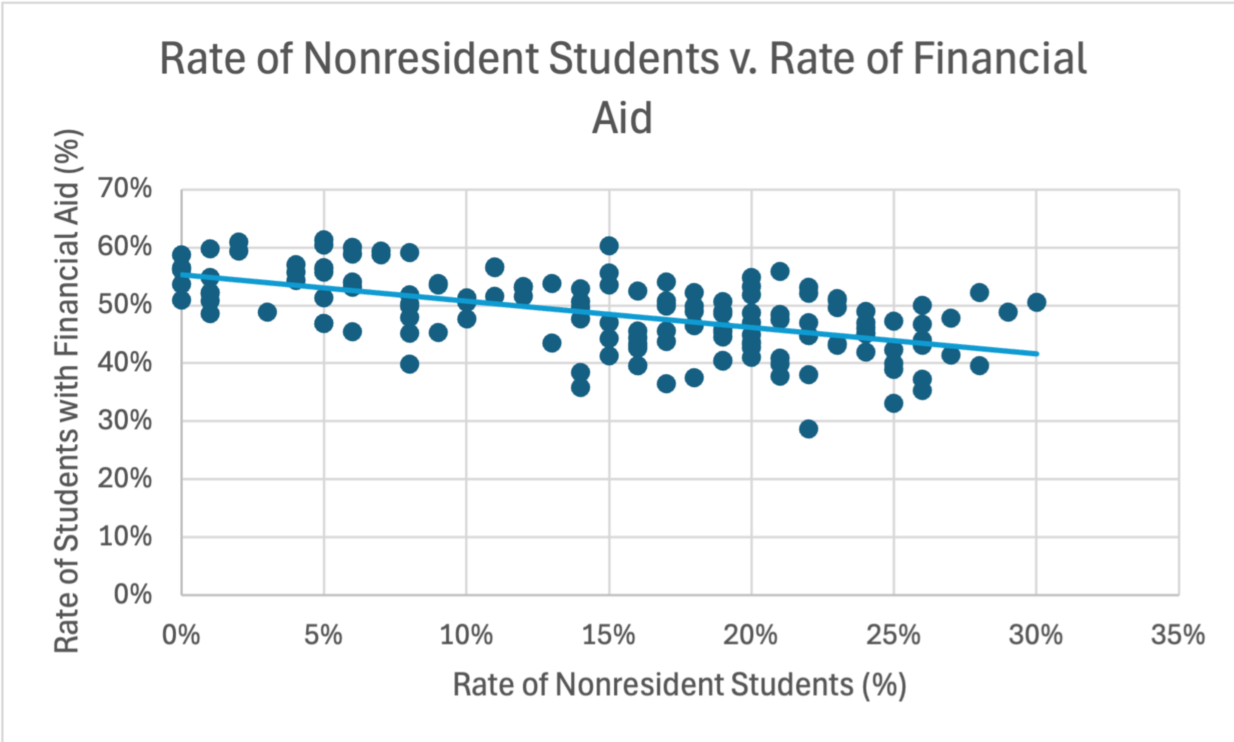

Figure 4. Correlation Between Percentile of Nonresident UC Students & Percentile of Students who Received Financial Aid from the University of California (Academic Year 2010/11 to 2024/25) Data Source: University of California Undergraduate Admissions Summary & University of California, Student Financial Aid Data Tables

Significant findings emerged when conducting a Pearson's r test to measure the correlation between the rate of nonresident UC students and the rate of students who received financial aid from the University of California. This Pearson's r test showed a moderate negative correlation, with an r-value of -0.57. This graph and r-value suggests that as the rate of nonresident students increases, the rate of students with financial aid decreases.

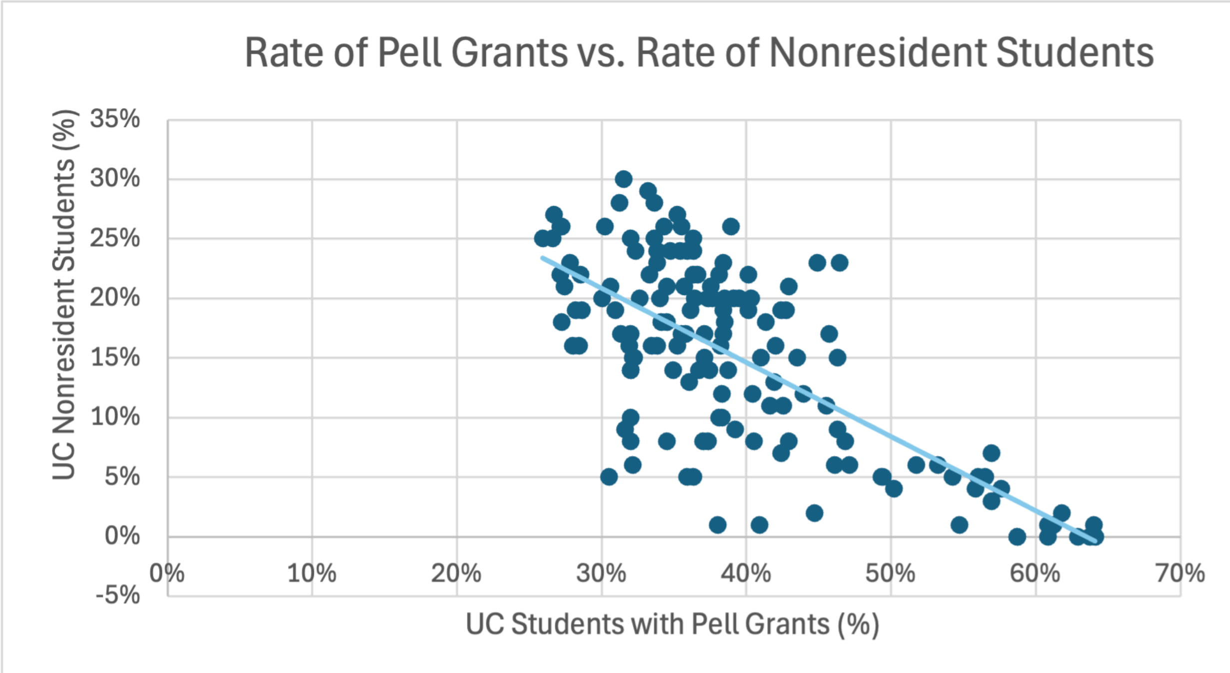

Figure 5. Correlation Between Percentile of UC Students Who Received Pell Grants & Percentile of Nonresident UC Students (Academic Year 2010/11 to 2024/25) Data Source: University of California, Student Financial Aid Data Tables & University of California Undergraduate Admissions Summary.

An astonishing finding was discovered when I decided to experiment, using a Pearson's r-test, with the control variables. Pearson's r-test revealed a strong positive correlation between the rate of UC students who receive pell grants and the rate of UC nonresident students, with a r-value of -0.716. This result suggests that as the rate of UC nonresident students decrease, the rate of UC students who receive pell grants conversely increase.

Discussion and Research Implications

My research has helped answer the question: From academic year 2010/11 to 2023/24, how do changes in international student enrollment across UC campuses - resulting from Regents Policy 2109 - impact the percentage of UC undergraduates who receive financial aid from the University of California? My findings both support and contradict my original hypothesis: The passing Regents Policy 2109: Policy on Nonresident Student Enrollment will decrease international nonresident and domestic nonresident students, therefore affecting UCs' ability to provide financial aid. Figure 1, 2, and 3 illustrate that Regent Policy 2109 impacted, specifically declined, both nonresident rates and financial aid rates. The success from these figures derives from the academic year variable and visual representation of Regent Policy 2109.

Conversely, Figure 4 and 5 demonstrate the opposite trend. As rates of nonresident students decreased, financial aid actually increased. Pearson's r-test is unable to analyze the data based on years and when the policy was implemented. Additionally, because I choose to include data from seven academic years prior to when the policy was implemented, the results may differ from other implications. Regardless, the strong correlation I found between the rate of UC students who receive pell grants and the rate of UC nonresident students is a significant finding. Pell grants were extremely impacted by COVID-19 and are constantly being altered by the federal administration. So it is likely that these factors have an impact on the trends I have observed. This opens the door for the need for further research on the relationship between these two variables.

Limitations & Research Extensions

While data collection was reliable and convenient, this research project has many limitations that could be improved. Limitations were found in respect to the generated Figures.

Due to the weak correlation between Regent Policy 2109 and the rate of nonresidents, I resorted to making a line graph to demonstrate any trends. The results from the point biserial also cast doubts on any implications I have made regarding nonresident enrollment trends.

Additionally, the research lacked detailed data on the residency status of those receiving financial aid from the University of California, as well as pell grants. My research aimed to determine if in-state students were being affected through increased or decreased rates of financial aid. While we can assume that the majority of those receiving financial aid are in-state resident students, the rate can never be truly accurate.

As acknowledged before, this project does not isolate the two dependent variables to make a stern correlation. Instead, I gathered data to make observational correlations that will hopefully inspire more detailed and tangible research. This study accounted for some factors such as retention rates and Pell Grant receivals, which ultimately produced unexpected, significant insights. It would be preferable to have access to data regarding the rate of low income students instead of a proxy variable - rate of Pell Grants received. While this study provides valuable findings, it does not account for a wider range of factors such as federal behavior, current political climate, international policies, additional regent policies etc. One notable policy that would have been beneficial to incorporate, had time allowed, is the UC Regent Tuition Stability Plan that was passed in 2021. This policy increases tuition rates for each incoming undergraduate class, and that rate will remain flat until that undergraduate class graduates, up to six years. There is a growing concern regarding tuition prices increasing with the enactment of this policy. This directly relates to this research project because this newer policy will disproportionately impact lower income in-state students. Only three full academic years have passed since this policy took effect, making it challenging to make any definitive conclusions about its effect. Nonetheless, I strongly advocate for any future research to explore the ramifications of the UC Tuition Stability Plan, along with its broader implications for higher education access.

Conclusion

This research paper explores the outcome of Regent Policy 2109: Policy on Nonresident Student Enrollment and the complex relationship between nonresident students and students who receive financial aid within the University of California (UC) system since 2010. The findings illustrate that Regent Policy 2109 had a direct impact on nonresident enrollment across all UC systems. The UC System as a whole experienced a rapid decrease in nonresident students. Most notably, UC Berkeley saw a dramatic 13% drop in nonresident students in just six years. A point-biserial correlation between Regent Policy 2109 and the rate of nonresident students supports this observed trend. The policy succeeded in its intended effect, but possibly had additional unintended consequences.

The study's unanticipated finding was the strong relationship between nonresident students and students with Pell Grants. The negative relationship reveals the potential role of the federal government on this policy issue. It is known that the current federal administration has discouraged the enrollment of international and immigrant students.

Regent Policy 2109 has revealed that the financial structure and integrity of UC systems are ever changing. The financial health of the University of California is crucial to maintain high quality education that students deserve. Instilling further financial burden on in-state students, through policies such as the Tuition Stability Plan, is not a feasible solution. UCs must continue to explore ways to compensate for the lessened tuition revenue, and so transparency must be prioritized to ensure California students are truly benefiting.

Reference Page

Curs, Bradley R., and Ozan Jaquette. "Crowded Out? The Effect of Nonresident Enrollment on Resident Access to Public Research Universities." *Educational Evaluation and Policy Analysis*, vol. 39, no. 4, 2017, pp. 644–69. *JSTOR*, http://www.jstor.org/stable/44983410.

Douglass, J. A. (2014). INTERNATIONAL BERKELEY: Enrolling International Students Yesterday and Today, Debates on the Benefits of Multicultural Diversity, and Macro Questions on Access and Equity*. *UC Berkeley: Center for Studies in Higher Education*. Retrieved from https://escholarship.org/uc/item/03j2x3nr

Fan, Aatish Bhatia and Amy. "Nearly 20 Percent Fewer International Students Traveled to the U.S. in August." *The New York Times*, The New York Times, 7 Oct. 2025, www.nytimes.com/interactive/2025/10/06/upshot/us-international-student-travel.html.

Fowles, J. Funding and Focus: Resource Dependence in Public Higher Education. *Res High Educ* 55, 272–287 (2014). https://doi.org/10.1007/s11162-013-9311-x

Hegarty, Niall. "Where we are now –the presence and importance of international students to universities in the United States." *Journal of International Students*, vol. 4, no. 3, 1 July 2014, pp. 223–235, https://doi.org/10.32674/jis.v4i3.462.

Jackson, Jacob, et al. "What Are the Consequences of Limiting Nonresident Students at UC?" *Public Policy Institute of California*, 28 July 2021, www.ppic.org/blog/what-are-the-consequences-of-limiting-nonresident-students-at-uc/.

"Regents Policy 2109: Policy on Nonresident Student Enrollment." *Regents Policy 2109: Policy on Nonresident Student Enrollment | Board of Regents*,

regents.universityofcalifornia.edu/governance/policies/2109.html. Accessed 11 Oct. 2025.

"Student Financial Support Data Tables." *University of California*, 12 Nov. 2025, www.universityofcalifornia.edu/about-us/information-center/financial-support.

"Undergraduate Admissions Summary." *University of California*, 25 Jan. 2025, www.universityofcalifornia.edu/about-us/information-center/admissions-residency-and-ethnicity.