

# UC Office of the President

## Student Policy Research Papers

### Title

Who Pays the Price? Analyzing the Relationship Between State Funding and Student Costs at the University of California

### Permalink

<https://escholarship.org/uc/item/2hc9n5xh>

### Author

Maciel, Sergio

### Publication Date

2024-07-01

### Data Availability

The data associated with this publication are available upon request.

**Who Pays the Price? Analyzing the Relationship Between State Funding and Student Costs  
at the University of California**

Sergio Maciel

University of California, Davis

POL 195 Policy Analysis in California

Dr. Paige Pellaton

Friday, September 6th, 2024

### **Abstract**

Since the early 2000s, the University of California's (UC) Board of Regents have increasingly shifted their dependence for funding the UC's core budget onto students by raising tuition and fee rates. This research investigates the relationship between state government funding and tuition and student service fees in the UC system from 2000 to 2022, focusing on how changes in state appropriations impact student costs.

Using a dataset of UC core funding expenditures by fund sources and student enrollment figures over two decades, this study employs Pearson's  $r$  test to examine the correlation between state funding allocated per student and tuition and student fee revenue generated per student. The analysis reveals an inverse relationship between state funding and student tuition and fees, indicating that decreases in state appropriations are associated with increases in student costs.

This research underscores the critical need for sustainable state funding to maintain the affordability and accessibility of higher education. By highlighting the financial pressures faced by students due to reduced state support, this study provides valuable insights for policymakers and university administrators to develop funding models that alleviate the financial burden on students and promote educational equity.

*Keywords:* Higher education funding, tuition fees, University of California, state appropriations, financial accessibility, educational policy

## Introduction

Over the past two decades, the UC system has increasingly depended on student tuition and fees to sustain its core budget, challenging the accessibility and affordability of higher education in California. Today, students at UC campuses face rising tuition rates that strain their finances and jeopardize their educational aspirations. Revenue generated from student tuition and service fees is invested into the university's core funds. These core funds, consisting of state general funds, UC general funds, and student tuition and fees, support various aspects of the UC system, including academic and administrative support, faculty salaries and benefits, financial aid, and other operating costs. In 2023-24, the UC core budget represented 21% of UC's total operating budget (University of California, 2024, p. 17).

My research addresses the following question: is there a relationship between state government funding to the UC's core budget and the tuition and student service fee revenue generated? More specifically, how have changes in state government funding from 2003 to 2022 affected the tuition and fee revenue generated per student enrolled in the UC system? By exploring how shifts in state funding influence tuition and service fee rates, this study aims to inform strategies that could mitigate the financial burden on students. My findings will provide insights into the financial pressures that public universities face and contribute to the broader discussion on funding models in higher education. To answer this question, I gathered data on UC core funding expenditures by fund sources from 2000 to 2022. I use a correlation analysis to examine the link between state general funds and tuition and student service fee revenue per UC student enrolled. Additionally, I explore how these funding sources are related to total student enrollment and the university's core budget. The findings of my research reveal that state general funds allocated to the University of California (UC) have been more volatile than tuition and

student service fee revenue from 2003 to 2022. State funding increased by approximately 65% over this period, while tuition and service fees rose by about 149%. A Pearson's r-test showed a weak negative correlation between state funding and tuition/fees in the same fiscal year, but a much stronger negative correlation when state funding was correlated with tuition/fees three years later. Additionally, there was no correlation between state funding per student and total UC enrollment, but a strong positive correlation between tuition/fees per student and enrollment. Finally, state funding per student had a weak positive correlation with the total UC core budget, while tuition/fees per student had a strong positive correlation. This research focuses on the relationship between tuition and student services fees and state general funds exclusively within the UC system from 2000 to 2022, considering the uniformity of tuition and service fees across all campuses, making it unique from existing studies. Campus-based fees, which vary between campuses, are excluded from this study.

### **Background & Significance**

Established in 1868 by the Organic Act, the UC, which at the time consisted solely of UC Berkeley, initially offered free admission and tuition to all California residents (Online Archive of California, 2024, Chapter 244 of the Statutes of 1867-1868). The founding principle behind the Organic Act was that a California education should be accessible to all Californians, supported by state funding rather than student fees. This vision was reinforced by the 1960 California Master Plan for Higher Education, which intended to keep tuition free for California students while introducing student fees to cover non-instructional costs, such as maintaining athletics, health departments, and laboratories (University of California, 2022). In 1977, state financial pressures led to state funding cuts to the UC and the introduction of a one-time \$657 registration fee for all incoming UC students. In 1980, the UC Board of Regents established an

annual \$300 tuition fee for all UC students in response to declining state support, which increased to about \$3,000 in the early 2000s. Since then, student tuition and fees have increased dramatically, with its highest tuition and fee rate per California-resident student sitting at \$14,409 in 2017.

For comparison, the California State University (CSU) system has experienced increases in tuition over time, though at lower rates than the UC system. The CSU, which also operates under the California Master Plan for Higher Education, traditionally aimed to maintain lower tuition fees to serve a broader demographic of students. According to the California Budget & Policy Center, the average CSU undergraduate pays around \$7,000 in tuition and fees—approximately half the cost of attending a UC campus (Rose, 2019). While CSU's lower tuition makes higher education more accessible than UC's, both systems have been impacted by state funding reductions, causing student fee increases. Between 1979 and 2019, CSU tuition increased by 1,360% (Rose, 2019).

Rising tuition and fees place significant financial pressures on students and their families. According to the UC Office of the President, the average resident undergraduate student paid over \$14,000 in tuition and fees for the 2023-24 academic year (University of California, 2024). Such financial costs burden many state residents who intend to pursue higher education at UC. Higher education is a pathway to economic mobility, especially for low-income and underrepresented students. Increased tuition and student fees create barriers to access to higher education, limiting opportunities for minorities and worsening existing inequalities. California's commitment to equity is at stake if student tuition and fee barriers continue to rise. It is worth mentioning that higher education contributes significantly to California's economy, producing a skilled workforce that drives innovation and pays more in income taxes. Ensuring that the UC

and CSU systems remain accessible and affordable is critical for maintaining the state's economic competitiveness.

In 2021, the UC Board of Regents approved a multiyear Tuition Stability Plan that took effect in Fall 2022, with each new group of incoming undergraduates having their tuition set for their entire enrollment period, up to six years, without any increases. For students who enrolled in fall 2021 or earlier, their tuition remains at current rates for up to six years. The Board of Regents will review this plan for reauthorization in 2026. Previous to the Tuition Stability Plan, UC tuition rates would change annually for every student enrolled. Although the CSU system has not implemented a similar long-term stability plan, it continues to emphasize keeping tuition rates as low as possible. However, the growing financial challenges facing both systems raise questions about the sustainability of current funding models and their impact on access and affordability for all students.

### **Literature Review**

The literature exploring the relationship between state financial support and student outcomes in higher education has expanded in recent years. I identified several key studies that highlight the critical role of state funding in shaping various aspects of higher education, particularly student costs, institutional quality, and enrollment outcomes.

Chakrabarti, Gorton, and Lovenheim (2023) analyze the impact of state appropriations on student outcomes, demonstrating that increased state funding reduces student debt originations and accelerates time to degree completion among four-year students. Their study also finds that increased state financial support leads to lower tuition rates at four-year institutions while enhancing affordability and educational quality in community colleges, underscoring the

importance of state appropriations in alleviating financial barriers for students and supporting timely degree completion.

Similarly, Cummings, Laderman, Lee, Tandberg, and Weeden (2021) investigate the direct relationship between state appropriations and student success outcomes. They find that reductions in state funding lead to decreased spending on instruction and support services, negatively impacting student enrollment and completion outcomes. This study supports the argument that state financial support is a crucial determinant of institutional capacity to deliver quality education and support student achievement.

Carpentier and Rappleye (2020) contribute by examining the role of state intervention in higher education across different political systems. They highlight the tension between market-driven approaches and public funding models, arguing that political stability and economic conditions significantly influence higher education policies. The authors emphasize that state policies must balance educational quality with equitable access, as the funding model can have profound implications for who benefits from higher education and how.

Deming and Walters (2017) examine the relationship between state appropriations and institutional quality. They find that increased state funding correlates with improved faculty-student ratios and enhanced student services, which are critical indicators of educational quality. They suggest that strong state support is essential for maintaining high education standards, positively influencing degree completion rates and subsequent labor market success.

Kelchen and Pingel (2023) explore the impact of state-imposed tuition caps and freezes, particularly on public university enrollment. Their findings indicate that tuition freezes can boost enrollment among Hispanic and other underrepresented minority students, with the most noticeable effects at less selective institutions. However, they also highlight the financial



challenges that public universities face due to rising costs and declining state appropriations. To mitigate these challenges, institutions often seek diversified revenue streams, such as increasing enrollment of out-of-state and international students.

Collectively, these studies emphasize the important role of state financial support in higher education. Increased state appropriations are consistently linked with positive outcomes, including reduced student debt, improved educational quality, and higher degree completion rates. However, declining state financial support presents significant challenges. As universities face funding cuts, they are forced to shift the financial burden onto students by raising tuition and fees, which disproportionately affects low-income and minority students.

A frequent theme across these studies is the direct impact of state funding on student costs, notably tuition and debt. Chakrabarti, Gorton, and Lovenheim (2023) and Deming and Walters (2017) demonstrate that increased state appropriations lower student debt and accelerate time to degree completion, providing clear evidence that state support mitigates financial barriers for students. However, when state funding decreases, as Cummings et al. (2021) argue, institutions tend to raise tuition and fees, increasing financial strain on students and their families. Kelchen and Pingel (2023) reinforce this finding by showing that state-imposed tuition freezes can help maintain affordability but also present financial challenges for universities, forcing them to seek revenue from alternative sources like out-of-state and international student enrollments.

In addition to student costs, state funding profoundly influences institutional quality. Deming and Walters (2017) find that higher state appropriations lead to improved faculty-student ratios and enhanced student services, critical to maintaining high educational standards. This relationship accentuates the role of public funding in shaping the quality of education that

institutions offer. Carpentier and Rappleye (2020) offer a more holistic perspective, arguing that political and economic conditions play a substantial role in determining the level of state funding and the quality of education. This study emphasizes the ongoing tension between public funding models and market-driven approaches to higher education.

Several studies also examine the impact of state funding on enrollment, particularly among underrepresented groups. Cummings et al. (2021) show that reductions in state funding negatively affect enrollment and completion rates, particularly for minority and low-income students. Kelchen and Pingel (2023) further explore the effects of tuition freezes on student enrollment, finding that such policies increase enrollment among Hispanic and other minority students. However, they also note the trade-offs between maintaining affordability through tuition controls and the financial pressures such policies place on public universities.

While these studies highlight the critical role of state funding in shaping various aspects of higher education, there are gaps in the existing research that I will further explore. Firstly, the literature does not explicitly address how the relationship between state financial support and student outcomes has evolved over time, particularly in response to major economic events such as the 2008 financial crisis and the COVID-19 pandemic. These events greatly impacted state budgets, leading to fluctuations in funding for higher education. To fill this gap, I will include studies that examine temporal trends in state funding and their impact on student tuition and fee rates. By doing so, I aim to provide a more thorough understanding of the long-term effects of economic instability on higher education funding and tuition and fee rates at the University of California throughout the 2000s.

Secondly, while existing studies touch on the impact of state funding on public universities and community colleges, they do not thoroughly explore how research universities

are affected by state financial support. This gap is critical because research universities may experience varying impacts based on their funding structures and missions. To address this gap, I will differentiate the effect of state funding on the UC system. By analyzing how funding policies influence educational quality and outcomes across the UC, this research will help better explain the impact of state financial support on top public research institutions like the UC.

### **Theory & Hypothesis**

I hypothesize that revenue from tuition and student services fees will increase as revenue from state general funding decreases. Conversely, revenue from tuition and student services fees will decrease as revenue from state general funds increases. The reasoning behind this hypothesis is that student tuition and fees were established in the UC system as a direct response to state funding cuts. Since tuition and student service fees were initially introduced as an alternative to state general funds, they must be negatively correlated. Given that student tuition, fees, and state general funds contribute to the UC core budget, it is expected that when state funds fluctuate, student tuition and fees must adjust to maintain the core budget's stability.

The theoretical framework underlying my hypothesis is rooted in the Resource Dependence Theory (RDT). RDT asserts that organizations are dependent on external resources, such as funding, to maintain their operations and achieve stability. In the context of the UC system, state general funds represent a critical external resource that significantly influences the university's financial structure. When this resource is reduced, the UC system must seek alternative revenue sources—tuition and student service fees—to maintain its core budget. RDT suggests that organizations will adjust their strategies in response to changes in resource availability to minimize dependence on any single resource. In the UC system, this adaptation is evident in the increasing reliance on tuition and fees when state funding decreases. Conversely,

when state funding is more robust, the university can reduce its dependence on tuition and fees, decreasing these costs for students. This theoretical perspective explains the negative correlation hypothesized between state general funds and tuition and service fee revenue.

My research demonstrates how the UC system adjusts its revenue streams to maintain financial stability in response to external funding fluctuations by applying resource dependency theory. The application of this framework provides a more in-depth interpretation of the relationship between state funding and tuition, highlighting the implications of resource management within higher education institutions.

### **Research Design & Methods**

The independent variable in this study is state government funding to the University of California (UC) system. This variable is measured by collecting the total dollar amount allocated by the California state government to the UC system each fiscal year from 2000 to 2022. The dependent variable is tuition and student fees within the UC system, measured by the total dollar amount generated from tuition and student fees charged to undergraduate students from 2003 to 2022. This analysis focuses solely on systemwide student tuition and service fees consistent across all UC campuses. It does not account for campus-based fees, which vary between campuses and are set independently by each institution. State general fund data was collected from 2000 to 2022, while tuition and service fee data were collected from 2003 to 2022. The rationale for the different data collection periods is explained later in this section.

This operationalization was chosen because it directly reflects the state's financial support, a critical component of the UC system's core funding, and changes in the cost burden on students over time. The study controls for total UC student enrollment by dividing the total dollar amount from these funding sources by the student enrollment figures, yielding total revenue

dollars generated per student. Enrollment levels can influence the relationship between state funding and student fees. Higher enrollment may increase operational costs, impacting tuition and service fee rates. However, higher enrollment may also help decrease operational costs per student by raising revenue from tuition and fees, assuming rates remain unchanged. Total UC student enrollment is measured by the total number of students enrolled in the UC system each year from 2000 to 2022.

The unit of analysis is the UC system as a whole rather than individual campuses or students. The UC system operates under a centralized governance structure, meaning that policies, funding decisions, and strategic initiatives are often developed and implemented at the system-wide level. By focusing on the UC system, this research captures the broader impact of funding mechanisms.

This study examines the UC system's financial data and student enrollment figures across 23 years, from 2000 to 2022. The sample includes 23 annual observations for state general revenue and 20 yearly observations for tuition and student service fee revenue, with total student enrollment controlling for both revenue sources, corresponding to the academic years from 2000-01 to 2022-23. The research is geographically scoped to the University of California system.

A Pearson's  $r$  test will be used to analyze the relationship between state government funding and tuition and student fees, as well as the relationship between state government funding and tuition and student service fees three years later. Pearson's  $r$  is suitable for this analysis because it measures the strength and direction of the linear relationship between two continuous variables. Understanding how state funding impacts tuition and fees over time is crucial. The three-year lag was chosen based on the expectation that changes in state funding

might take several years to impact tuition and fees due to the budgeting cycles and policy implementation timelines within the UC system.

The research will also include a line graph depicting the trend of state government funding and tuition and student fee revenue from 2003 to 2022, a scatterplot illustrating the correlation between state government funding per UC student enrolled and tuition and student fee revenue generated per student from 2003 to 2022, and a scatterplot illustrating the relationship between state government funding per UC student enrolled and tuition and student fee revenue per UC student enrolled from 2003 to 2022 in relation to the total dollar amount in the UC core budget. These visual representations will help illustrate trends over time and clarify the relationship between state funding and tuition/fee revenue.

### **Results**

When controlled for total student enrollment, state general funds allocated to the UC have been much more volatile than tuition and student service fee revenue generated within the UC system from 2003 to 2022. Over the two decades, state general funds increased by approximately 65%, while tuition and student service fee revenue also increased by about 149%.

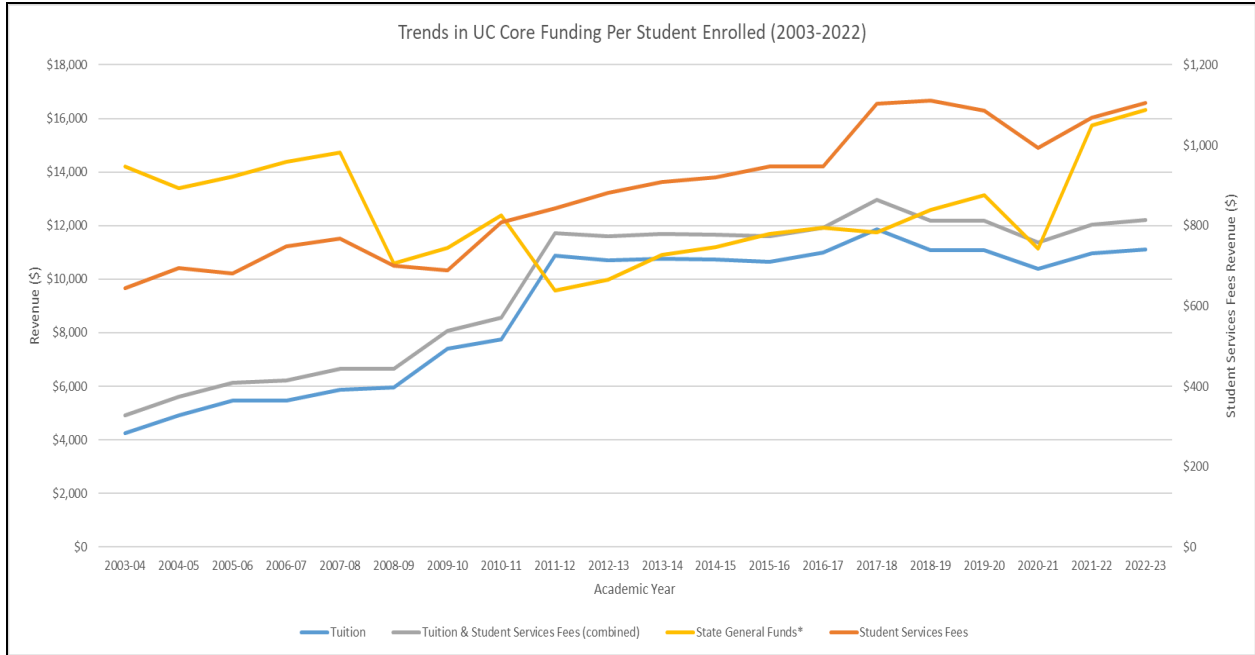


Fig. 1. Trends in UC Core Funding Sources Per Student (2023-2022). Data Source: UCOP

\*Excludes GO bond debt service and one-time state contribution to UCRS

A Pearson’s r-test revealed a negative correlation between state general funds invested in the UC core budget and tuition and student service fee revenue generated from 2003 to 2022, with an r-value of -0.27. This finding indicates that changes in state funding to the UC system have some impact on tuition and student service fees within the same fiscal year, though the effect is relatively weak.

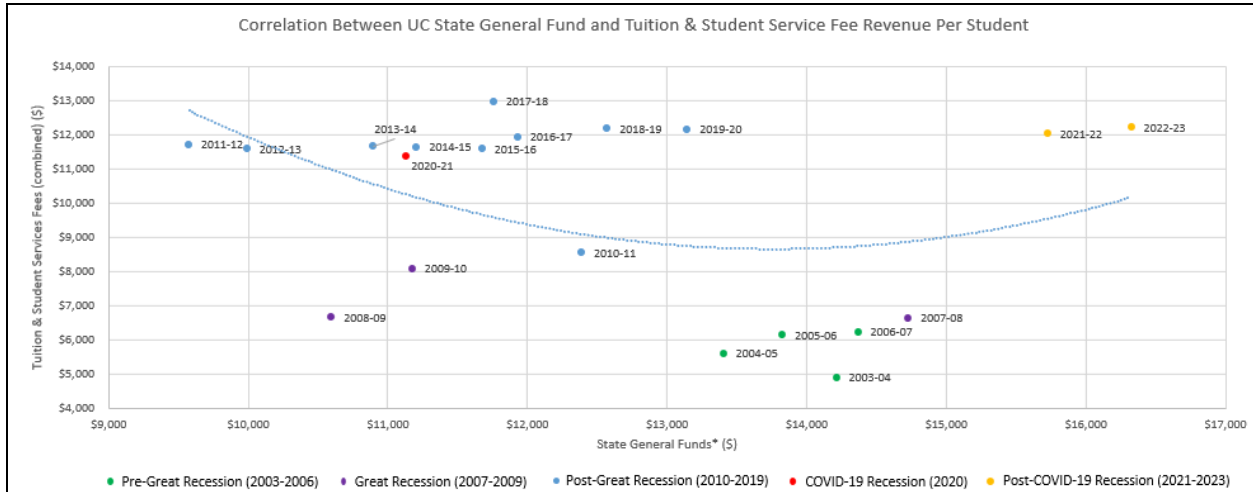


Fig. 2. Correlation Between UC State General Fund and Tuition & Student Service Fee Revenue Per Student (2003-2022). Data Source: UCOP

However, a more significant finding emerged when examining the relationship between state general funds invested in the UC core budget (from 2000 to 2019) and tuition and student service fee revenue generated three years later (from 2003 to 2022). Pearson's r-test for this relationship showed a much stronger negative correlation, with an r-value of -0.85. This result suggests that changes in state funding substantially impact tuition and student service fees three years later, reflecting a delayed effect of funding adjustments on the cost burden for students. Figures 3, 4, and 5 illustrate the correlation between UC State General Fund allocations and tuition and student service fee revenue per student, measured three years later, from 2000 to 2022. In Figure 5, the labels highlight the total dollar amount of state funding allocated to the UC in each academic year, alongside the corresponding tuition and student service fee revenue three years later. A key takeaway from these figures is how trends shift across different economic eras. Before the Great Recession (2000-2006), state general fund investment was significantly higher, while tuition and student service fees three years later were much lower. During the Great



Recession (2007-2009), state funding began to decline, and three years after each of those academic years, tuition and student service fees began to rise. Post-recession (2010-2019), state funding has remained relatively low, though it has shown slow growth, while tuition and service fees three years later have stayed high with little fluctuation.

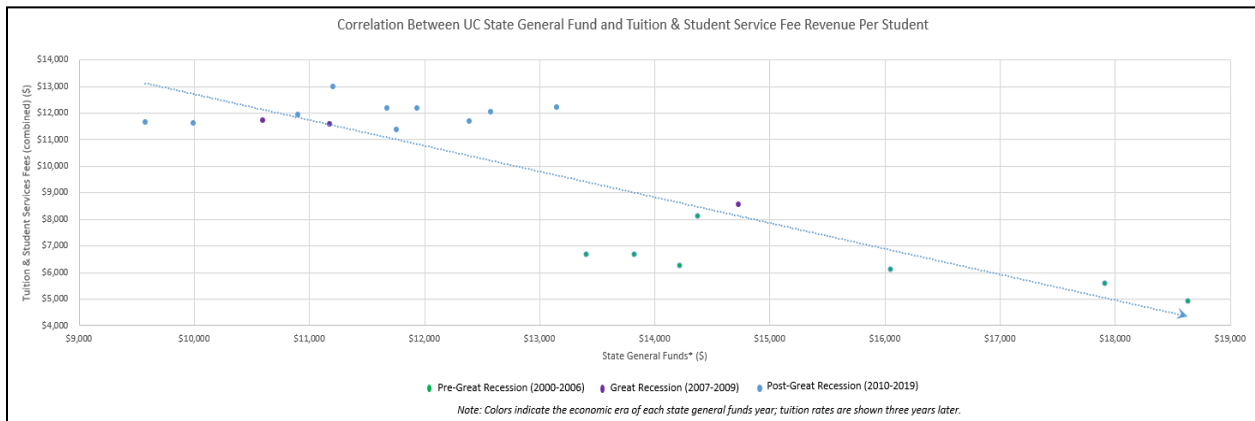


Fig. 3. Correlation Between UC State General Fund and Tuition & Student Service Fee Revenue Per Student Three Years Later (2000-2022). Data Source: UCOP

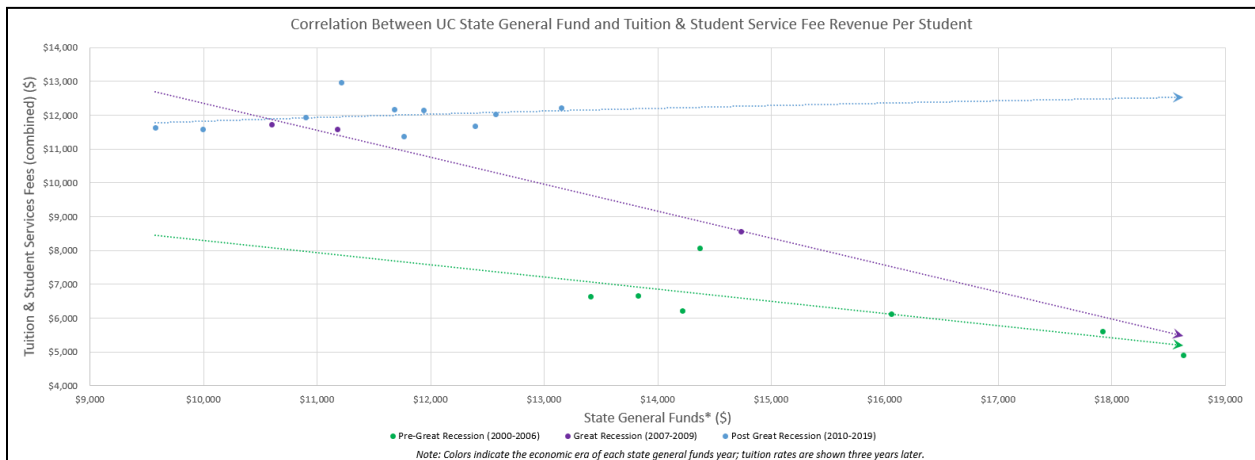


Fig. 4. Correlation Between UC State General Fund and Tuition & Student Service Fee Revenue Per Student Three Years Later With Trendlines for Each Economic Era (2000-2022). Data Source: UCOP

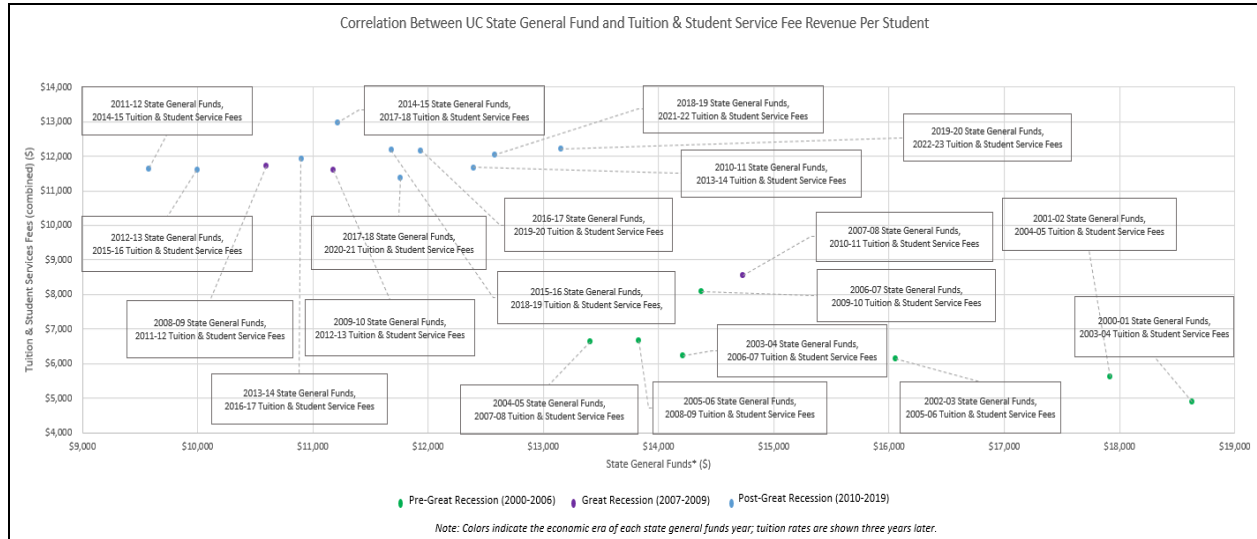


Fig. 5. Correlation Between UC State General Fund and Tuition & Student Service Fee Revenue Per Student Three Years Later With Labels (2000-2022). Data Source: UCOP

Additional Pearson’s r tests were conducted to measure the correlation between state general funds and tuition and student service fee revenue generated one, two, and four years later. However, the r values for these periods were not as strong as the three-year lag.

A scatterplot comparing the relationship between state general fund revenue and tuition and student service fee revenue with total UC student enrollment showed no correlation between state general funds allocated per student and total UC student enrollment, with an r-value of 0.05. However, a strong positive correlation existed between tuition and service fee revenue generated per student and total UC student enrollment, with an r-value of 0.86.

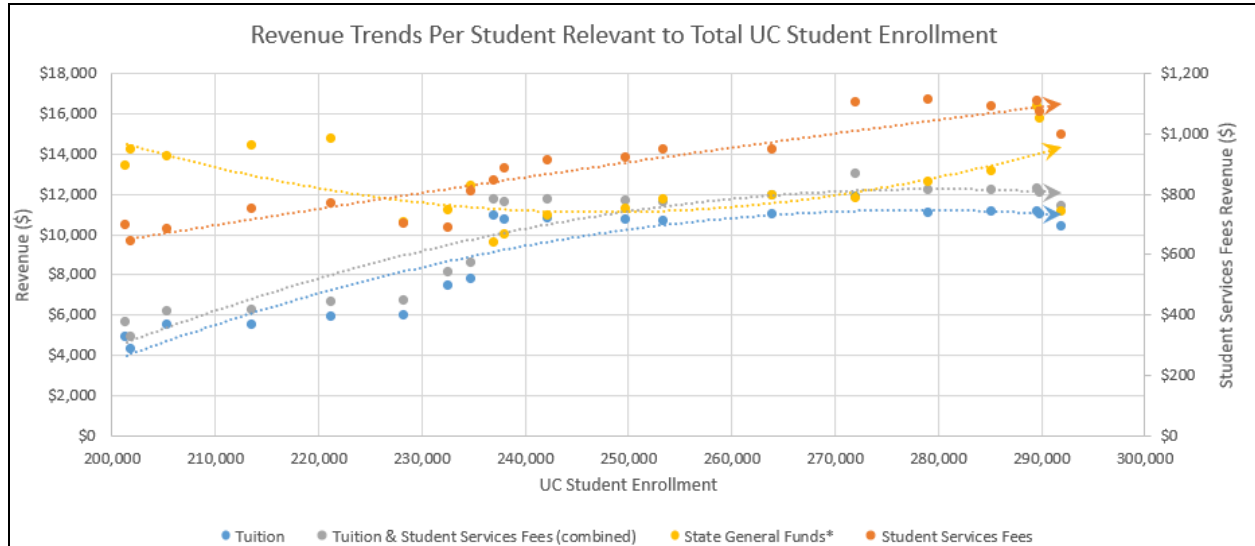


Fig. 6. Revenue Trends Per Student Relevant to Total UC Student Enrollment. Data Source: UCOP

### Discussion and Research Implications

In my literature review, I identified a gap in the existing research concerning how the relationship between state financial support and student outcomes in the UC has evolved in the past two decades, including in response to significant economic events such as the 2008 financial crisis and the COVID-19 pandemic. I fill this gap by examining the recent trends in state funding and their impact on student outcomes, focusing on how changes in state funding over time have influenced tuition rates, student debt, and enrollment.

My results provided a detailed analysis of the volatility in state general funds allocated to the UC system from 2003 to 2022. I found that state general funds have been much more volatile than tuition and student service fee revenue, highlighting the fluctuating nature of state support, likely influenced by economic conditions. Furthermore, I found that during economic recessions, state funding to the UC decreases substantially compared to the recent years before the recession.

Particularly for the 2008 Great Recession, state funding to the UC did not return to previous funding levels until after the COVID-19 recession in 2021. Additionally, my analysis of the three-year lag effect—where I found a strong negative correlation ( $r=-0.85$ ) between state general funds and tuition and student service fee revenue—demonstrates how changes in state funding impact tuition and fees over time. This delayed effect of funding adjustments on student cost burden addresses the trends I aimed to explore, providing an understanding of how state financial support impacts student costs in the UC throughout the 2000s.

I also highlighted the need to explore how state financial support affects the UC specifically. The strong positive correlation I found between tuition and service fee revenue per student and the total UC student enrollment ( $r=0.86$ ) suggests that increased enrollment is associated with higher revenue from tuition and fees. Similarly, the weak positive correlation between state general funds per student and the total dollar value of the UC core budget ( $r=0.21$ ) versus the strong positive correlation with tuition and service fee revenue ( $r=0.84$ ) indicates the growing reliance on tuition and fees to support core funds in response to the irregular and unpredictable nature of state funds, which are influenced by the state of the economy.

By examining recent trends in state funding and their delayed effects on tuition and fees, my findings represent a novel contribution to understanding the relationship between state financial support and student outcomes in higher education with consideration of economic fluctuations.

It is worth noting that the University of California (UC) has become increasingly diverse in student demographics for most years since 2000. Interestingly, as the university has admitted more ethnically and racially diverse classes, tuition and student service rates have also risen, which raises concerns about potential inequities within the system. This trend implies that while

the UC is making strides toward inclusivity and representation, the corresponding increase in tuition and fees may disproportionately impact these newly admitted diverse student populations. Many students from underrepresented backgrounds face more significant financial barriers, making it more challenging to afford higher education despite being admitted to the university. This situation highlights a critical issue: ensuring that as the UC continues to diversify, attendance costs do not undermine efforts to promote equity and access.

Policymakers must understand the relationship between state funding and tuition and service fees within the University of California system and the impact this has on the university's increasingly diverse student body. When state funding declines, the financial burden often shifts to students through higher tuition and fees, which can disproportionately affect underrepresented and financially vulnerable populations. As the UC system continues to admit more students from diverse backgrounds, these rising costs may sabotage efforts to promote access and equity. Policymakers need to be aware of these relationships to create informed policies that ensure both the affordability and inclusivity of higher education. Maintaining stable state funding can help prevent tuition hikes and support the university's mission to provide equitable opportunities for all students. Understanding these relationships is essential for developing policies encouraging a more inclusive and accessible UC system.

### **Limitations & Research Extensions**

While the research has produced significant findings, it is important to acknowledge that the analysis's scope is limited by certain factors. One such factor is the narrow time frame, which is confined to the years 2000 to 2022. This period, while capturing crucial economic events and policy changes, only partially encompasses longer-term trends. It also overlooks the influence of earlier historical contexts on the relationship between state funding and tuition and service fees.

Understanding how earlier economic cycles or funding models have shaped the current relationship between the core budget's funding sources is crucial. Therefore, expanding the time frame to include data from earlier decades or projecting future trends could offer a more comprehensive view of the development of state funding and its impact on higher education costs, potentially influencing future policy.

Moreover, as shown in Figure 4, when studying the correlation trends for each economic era, the data since 2010 reveal a weak positive correlation between increases in state government funding to the UC and the total cost students bear. This unanticipated trend could suggest that, despite receiving more state funds, the cost of attending UC continues to rise, potentially indicating that the UC system is becoming even more expensive for students. However, this correlation requires further investigation to determine the underlying factors driving this relationship and whether it represents a broader shift in the financial structure of the UC system.

Another limitation of the study is the absence of inflation adjustment when analyzing changes in state funding, tuition, and student service fees over time. Inflation impacts the real value of both state appropriations and the costs borne by students. Without adjusting for inflation, the analysis may overestimate the actual changes in state funding or underestimate the financial burden on students. Future research incorporating inflation-adjusted figures could provide a more accurate assessment of the economic trends affecting the UC system and its students.

Additionally, the research lacks a detailed comparative analysis of how tuition and service fee increases affect different student groups, particularly underrepresented and financially vulnerable populations. While the study provides valuable insights into overall trends, it does not delve into the specific impacts on various demographics, such as low-income students,

first-generation college students, or students of color. This omission limits understanding of the equity implications of rising costs within the UC system. Future research should explore these differential impacts and examine policies that could mitigate the financial burdens on underrepresented students, ensuring that efforts to increase diversity are not undermined by rising tuition and fees.

### **Conclusion**

This research highlights the significant and complex relationship between state funding and student tuition and fees within the University of California (UC) system over the past two decades. The findings demonstrate that fluctuations in state general funds directly impact the financial burden placed on students. Specifically, as state funding decreases, the UC system increasingly relies on tuition and student service fees to sustain its core budget, leading to higher student costs. This inverse relationship is particularly enunciated when examining the delayed effect of state funding reductions on tuition rates three years later, with a strong negative correlation observed.

The study's results emphasize the volatility of state support and its implications for the accessibility and affordability of higher education in California. Despite occasional boosts in state funding, the consistent increase in tuition and fees reflects the challenges faced by the UC system in maintaining financial stability amid uncertain state appropriations. As the UC admits more diverse student populations, the rising costs pose significant equity concerns, particularly for underrepresented and financially vulnerable students. The correlation between higher tuition and increasing diversity within the UC system suggests that without stable state funding, the financial barriers to higher education may disproportionately impact those the university seeks to serve most inclusively.

This research also points to more comprehensive implications for policymakers. The reliance on tuition and fees as a primary revenue source in response to state funding cuts risks undermining the access and equity goals central to public higher education. To address this, state lawmakers must consider the long-term consequences of funding decisions on the UC system's financial health and ability to provide affordable education. Stable and sufficient state funding is essential for keeping tuition costs in check and supporting the diverse and growing student body that is integral to California's future.

Looking ahead, this study suggests the need for innovative policy solutions that ensure the UC system can continue to offer high-quality education without imposing unsustainable financial burdens on students. Ensuring that the UC system remains accessible and affordable is critical not only for the success of its students but also for the economic vitality of the state as a whole.



## References

Chakrabarti, R., Gorton, N., & Lovenheim, M. F. (2020). State investment in Higher Education: Effects on Human Capital Formation, Student Debt, and Long-Term Financial Outcomes of Students. *National Bureau of Economic Research*

[https://www.nber.org/system/files/working\\_papers/w27885/w27885.pdf](https://www.nber.org/system/files/working_papers/w27885/w27885.pdf)

Cummings, K., Laderman, S., Lee, J., Tandberg, D., Weeden., D. (2021). Investigating the Impacts of State Higher Education Appropriations and Financial Aid. *State Higher Education Executive Officers Association*

[https://sheeo.org/wp-content/uploads/2021/05/SHEEO\\_ImpactAppropationsFinancialAid.pdf](https://sheeo.org/wp-content/uploads/2021/05/SHEEO_ImpactAppropationsFinancialAid.pdf)

Deming, D. J., & Walters, C. R. (2017). The impact of price caps and spending cuts on U.S. Postsecondary Attainment. *National Bureau of Economic Research*

[https://www.nber.org/system/files/working\\_papers/w23736/w23736.pdf](https://www.nber.org/system/files/working_papers/w23736/w23736.pdf)

Jungblut, J., Maltais, M., Ness, E. C., & Rexe, D. (2023). Comparative Higher Education Politics. *Higher Education Dynamics*

<https://link.springer.com/book/10.1007/978-3-031-25867-1>

Kelchen, R., & Pingel, S. (2023, July 16). Examining the effects of tuition controls on student enrollment - research in higher education.

<https://link.springer.com/article/10.1007/s11162-023-09748-5>

Legislative Analyst's Office. (2024, February 28). *The 2024-25 Budget - University of California*. The 2024-25 Budget: University of California.

<https://lao.ca.gov/Publications/Report/4862>

Online Archive of California. (n.d.). *Organic Act - Chapter 244 of the Statutes of 1867-1868*.

Online Archive of California.

[https://oac.cdlib.org/view?docId=hb6w100756&brand=oac4&doc.view=entire\\_text](https://oac.cdlib.org/view?docId=hb6w100756&brand=oac4&doc.view=entire_text)

Rose, A. (2019, January). *The Cost of College, Then and Now*. California Budget and Policy Center.

<https://calbudgetcenter.org/resources/the-cost-of-college-then-and-now/#:~:text=Between%201979%20and%202019%2C%20tuition,from%20the%20state's%20General%20Fund.>

University of California Board of Regents. (2022). *Regents Policy 5307: University of California Debt Policy*. Regents Policy 5307: University of California Debt Policy | Board of

Regents. <https://regents.universityofcalifornia.edu/governance/policies/5307.html>

University of California Office of the President. (2024a). 2024-25 Budget for Current Operations.

[https://www.ucop.edu/operating-budget/\\_files/rbudget/2024-25-budget-detail.pdf](https://www.ucop.edu/operating-budget/_files/rbudget/2024-25-budget-detail.pdf)

University of California Office of the President. (2024b). *Institutional Research and Academic Planning*. UCOP.

<https://www.ucop.edu/institutional-research-academic-planning/content-analysis/academic-planning/california-master-plan.html>

University of California. (2024). *Tuition & Cost of Attendance*. Tuition & Cost of Attendance | UC Admissions.

<https://admission.universityofcalifornia.edu/tuition-financial-aid/tuition-cost-of-attendance/>