May 26, 2004

UNIVERSITY OF CALIFORNIA STUDENTS AND PARENTS

Dear Friends:

I first wrote you in March to report on my progress in securing State funding for the University's operations. As you know, California has been grappling with a serious budget gap for 2004-05 and the University has been facing the likelihood of deep funding cuts for a fourth consecutive year.

I am pleased to report that the revised budget released by the Governor in mid-May includes no additional cuts to the University beyond those proposed in January. Nonetheless, those cuts remain significant—more than $350 million—and, as expected, will require higher student fees to help close the gap. However, there is some good news in the way fees will be set in coming years, which should provide more predictability to UC families.

First, let me address this year's increases. While the Governor and Legislature are still negotiating a 2004-05 State budget and likely will not finish until early summer, the Board of Regents felt it was important to notify you about fee increases as soon as possible, based on our best information about the likely budget outcome. As a result:

- Mandatory systemwide fees for California resident undergraduates in 2004-05 will increase $700 (14 percent) to $5,684, beginning this summer. Each UC campus also charges its own local fees, which brings the average total to $6,230.

- The fee increase for resident graduate academic students, originally proposed at 40 percent, has been halved to 20 percent. These graduate students will pay an additional $1,050, bringing their annual fees to $6,269 (or an average of $7,893 with campus fees included).

- Nonresident students will see comparable increases ($700 and $1,050, respectively) in mandatory systemwide fees, as well as a 20 percent increase in nonresident tuition ($2,746 more for undergraduates and $2,449 for academic graduate students). This tuition, which is paid in addition to mandatory systemwide fees, brings the average total to $23,186 for out-of-state undergraduates and $22,832 for graduate students.

- Professional school fees will increase roughly 30 percent for each degree program, with Nursing students exempt at the State's request. These fee increases range from $2,600 to $4,500. Specific amounts for each school are available at www.universityofcalifornia.edu/news/budget/fee_fact_sheet.pdf. Because these increases only replace lost State revenue and do not address other needs in the professional schools, the Regents also authorized the president to raise professional school fees no more than an additional 10 percent if needed to support financial aid and the academic quality of the programs.
Financial aid will lessen some of the impact of these fees. The Governor's revised budget proposes enough funding for the State's Cal Grant program to cover this year's 14 percent undergraduate fee increase for roughly 32,000 UC recipients. In addition, the University is using a portion of the revenue from the 2004-05 fee increase for grant aid to further ease the impact for the most financially needy students.

I know fee increases are never welcome. For those of you already attending the University, the last two years of State budget cuts have meant steep and unexpected hikes in fees. Those of you just beginning your UC careers have shared with me your worries about what the next four years may bring.

That is why, in my discussions with State leaders, I have stressed the necessity of stable State support for public higher education in California. And as a result, we have forged a new, multi-year compact with the Governor that will stabilize State support for the University and allow families to actually plan for their education costs in a way they haven't been able to for the past few years.

When I started as president six months ago, the University already had seen student fees jump 40 percent in just two years. Our State funding had been cut 16 percent, while our student enrollment had grown 16 percent. For the first time, the University was forced to defer admission to qualified California high school seniors and redirect them to California community colleges for their first two years. The State was asking us to prepare for more cuts, and there was no assurance or plan for turning around these fiscal trends. My greatest concern was that the quality of a UC education was at risk.

What this compact with the Governor does is stop the decline. We have one final year of difficult budgets and then a substantial improvement over the next five to six years. The compact gives the University predictable enrollment growth. It calls for fee increases over the next three years to help the University recover from recent budget cuts, but would limit those increases to make costs more predictable. Specifically, in addition to this year's increases, the compact calls for undergraduate fees to grow 8 percent in both 2005-06 and 2006-07 (resulting in a three-year average of 10 percent per year), with undergraduate fee increases in future years indexed to increases in per capita personal income and restricted to no more than 10 percent per year. The compact calls for graduate student fees to increase 10 percent per year in both 2005-06 and 2006-07.

There are two Web sites that can provide you with additional information. One called "You Can – We Can Help" (www.universityofcalifornia.edu/admissions/youcan) shows how UC students with a variety of family incomes have made a UC education affordable. The most recent budget updates can be found at www.universityofcalifornia.edu/news/budget.

I appreciate the opportunity to stay in touch with you as we work to build a stronger financial foundation—one that will help the University and its families plan for the future with more certainty and will provide the best educational opportunities for our students.

Sincerely,

Robert C. Dynes