



OFFICE OF THE PRESIDENT

DANIEL M. DOOLEY  
Senior Vice President – External RelationsOffice of State Governmental Relations  
1130 K Street, Suite 340  
Sacramento, California 95814  
(916) 445-9924  
Steve Juarez, Associate Vice President and Director

June 7, 2011

The Honorable Marty Block, Chair  
Assembly Higher Education Committee  
State Capitol, Room 3091  
Sacramento, CA 95814

**Re: AB 970 (Fong), as amended on June 3, 2011**  
**Scheduled for Hearing in the Assembly Higher Education Committee on June 9, 2011**  
**Position: OPPOSE**

Dear Assembly Member Block:

Regretfully, I am writing to inform you that the University of California (UC) opposes AB 970 by Assemblyman Paul Fong. The University acknowledges the need to address the rising impact of tuition on students and their families; however, it is our belief that AB 970 will not serve to protect students and their families, and that it poses a substantial risk on the quality of a University of California education.

AB 970 seeks to require the UC Regents to have a 90-day consultation with student body representatives before publicly proposing a fee increase followed by a 60-day public comment period between publicly proposing and the adoption of a fee increase. In addition, fee increases cannot become effective until six months have elapsed after they have been adopted. The bill also requires the development of a transparent methodology for adjusting mandatory fees; a commitment of a mandatory 33% return on fee revenues to financial aid; an annual report to the Legislature detailing use of student fees, financial aid and the total cost of education; and the prohibition of the term “tuition” in reference to fees.

Historically, the University has had to raise tuition in response to cuts in the State’s General Fund support of UC. UC’s state support in 2011-12 is \$700 million less than it was in 2007-08. Without a guarantee of continued state funding levels, the University is unable to comply with the requirements of AB 970. The University recognizes the challenges that students and families face in paying for the cost of education. While we are working diligently to provide students stability and predictability with regard to fees, the University continues to have several concerns with AB 970, as follows:

- The fee consultation, action, and notification period would ultimately require nearly a year to implement a fee increase – an untenable situation given the state’s constantly changing budgetary situation. The requirements of AB 970 would make it difficult to develop and implement tuition increases within a normal budget cycle and there is no provision for recognizing mid-year funding cuts by the state and providing a mechanism for UC to implement tuition increases quickly to respond to such cuts.

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- Adjustments to mandatory tuition are made in conjunction with an assumption about levels of state support. UC is unable to develop a methodology for adjusting mandatory tuition without also developing a methodology for determining state support. Without a broader plan to develop a stable and predictable program of state support, requiring a predictable, stable and manageable tuition program is illusory.
- The Regents voted at their November 2010 meeting to change the name of the “Educational Fee” to “Tuition”. The change was made after consultation with stakeholders, including and student groups. The name change seeks to improve transparency by reflecting the now longstanding use of this revenue source for the University’s basic operations, including instructional support, be consistent with the definition of tuition used in standard parlance and at other universities around the country, and make UC’s charges more easily understood by the general public. The switch to the term “tuition,” which has also been accepted by the California Student Aid Commission for purposes of allocating student financial aid, represents “truth in advertising” and a switch back to designating this support as “fees” misrepresents their actual use and purpose.

The University prides itself on transparency and accountability. To that end, the rationales for tuition increases are included in materials submitted to the Regents and provided to the public. The President and senior leadership are engaged in regular and extensive consultation with stakeholders throughout the UC system including regular meetings with student leadership to discuss all issues of current concern and interest, including tuition. In addition, the University also publishes detailed information about the uses of revenue in the Regents’ Budget and in the Governor’s Budget.

The University strongly disagrees with the findings and declarations of AB 970 which imply that a UC education is no longer affordable. In fact, UC has a remarkable track record in providing financial access to students at all income levels and in mitigating the impact of fee increases. Nearly 40% of UC undergraduates are low-income Pell Grant recipients – far more than at any comparable university. Indeed, 4 of our campuses each enrolls more Pell Grant recipients than all 8 Ivy League schools combined. In addition, over the past decade, UC has seen an across-the-board decline in students’ self-reported work hours and almost half of the UC graduating class of 2010 graduated with no student loan debt. Among those with loans, average debt was under \$17,000 – less than the average at other public AAU universities, and repayable with monthly payments of about \$200.

The University remains committed to providing the excellent education students and their families have come to expect. To that end, we have implemented several financial aid policies and programs to minimize the effect of fee increases on students. These policies and programs include:

- **Expansion of the Blue and Gold Opportunity Plan** – The Blue and Gold Opportunity Plan has been expanded to include eligible resident undergraduates with family incomes up to \$80,000 in 2011-12. Under the higher income ceiling, California residents with financial need and family incomes of \$80,000 or below are assured that they will receive gift assistance that will, at a minimum, cover all their mandatory systemwide fees. Overall, Blue and Gold is expected to cover 37% of UC’s undergraduate population in 2011-12.
- **Project YouCan** — Project YouCan is an ambitious effort in which all ten UC campuses have committed to raise \$1 billion in the aggregate over the next four years from private sources. This effort would double the amount of private support the system has raised for scholarships, fellowships and other gift aid in the previous five years.

- **Middle-Income Grants** – UC also plans to cover the fee increase for one year for financially needy undergraduates whose family income is \$80,000 to \$120,000. The University estimates that about 14,700 undergraduates — about half of the total number in this income range — will have their fee increase fully covered.

The University has a fundamental responsibility to be financially accessible to all students admitted within the framework of California's Master Plan for Higher Education, regardless of their financial resources. Despite the challenges UC has faced in recent years – including being forced to increase student fees and reduce costs significantly due to deep cuts in state support for the University's budget — the University has remained financially accessible to students at all income levels.

We appreciate and share the author's interest in finding ways to provide predictability and stability with regard to fees. The University is committed to examining ways to do this while simultaneously continuing its longstanding commitment to provide students with the necessary financial aid to minimize the impact of fee increases, and preserving the quality of a UC education. Thank you for your consideration of the University's views. Should you have any questions on the University's position on AB 970, please do not hesitate to contact me at (916) 445-1426.

Sincerely,



Nadia Leal-Carrillo  
Legislative Director

cc: Assemblymen Paul Fong  
Members, Assembly Higher Education Committee  
President Mark G. Yudof  
Provost Lawrence Pitts  
Executive Vice President Nathan Brostrom  
Senior Vice President Daniel M. Dooley  
Associate Vice President and Director Steve Juarez