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March 22, 2012

The Honorable John A. Pérez
Speaker of the Assembly
State Capitol, Room 219
Sacramento, California 95814

Re: AB 1501 (Pérez) Middle Class Scholarship Program
Position: SUPPORT WITH AMENDMENTS

Dear Mr. Speaker:

The University of California (UC) is pleased to support AB 1501, which would establish the Middle Class Scholarship Program, but we are seeking amendments that we believe will ensure that our students continue to receive a quality education. AB 1501 would appropriate a scholarship grant each academic year to qualified students (household incomes below \$150,000) that, when combined with other financial aid received by the student, is at least two-thirds of the amount charged by the University for mandatory systemwide fees. In addition, those students whose household income is between \$150,000 and \$160,000 would receive a scholarship that is reduced by 10 percent for each \$1,000 by which his or her annual household income exceeds \$150,000.

The University of California is dedicated to providing a world-class education to all qualified students and has been unmatched among top-tier research universities in its ability to enroll a socioeconomically diverse student body. While UC has worked tirelessly to provide student aid to low- and middle-income students, a continuing budget crisis has limited the extent of the University's reach on this issue. The Middle Class Scholarship Program helps UC provide greater assurance that financial challenges will not prevent qualified students from attending the University of California.

We estimate that approximately \$312 million would be allocated from the fund for 44,000 qualified UC students. Many students will receive the full \$8,200 (two-thirds of current tuition) benefit as they do not currently qualify for need-based aid, but the average annual benefit to a UC student would be approximately \$7,300.

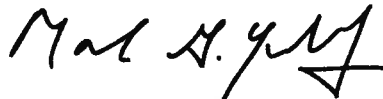
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We do have some concerns, however, with the language of the bill and are therefore seeking amendments to clarify the bill's maintenance of effort provision and to ensure that the University will be able to ensure its fiscal stability while seeking to hold any tuition increases to an absolute minimum.

Once again, we thank you for your continued commitment to higher education and for your consideration of the University's views.

With best wishes, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to read "Mark G. Yudof". The signature is fluid and cursive, with a prominent loop at the end of the last name.

Mark G. Yudof
President

cc: Provost Lawrence Pitts
Executive Vice President Nathan Brostrom
Senior Vice President Daniel M. Dooley
Associate Vice President and Director Steve Juarez

UC Proposed Amendments to AB 1501 (as amended February 9, 2012)

Amendment A

Sec 70021(b). In order for students ~~enrolled in their respective segments~~ to remain eligible to receive financial aid under this article, the ~~University of California and the California State University~~ shall maintain ~~their~~ *its* ~~respective~~ institutional student financial aid programs at a level that, at a minimum, is equivalent to the level maintained during the 2011–12 academic year. *The University of California is requested to maintain its institutional student financial aid programs at a level that, at a minimum, is equivalent to the level maintained during the 2011-12 academic year.*

Amendment B

Sec 70022. It is the intent of the Legislature that all of the following occur: (b) That the amount of the student financial aid provided to students under this article be increased to accommodate increases in the cost of mandatory systemwide fees charged to students of the University of California and the California State University, respectively, that may occur during and after the 2011–12 academic year. (c) That the University of California and the California State University *shall make every effort to only implement moderate and predictable increases to mandatory systemwide fees that are necessary to ensure fiscal stability.* ~~does not raise mandatory systemwide fees that would decrease the value of a scholarship award under this article.~~