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Steve Juarez, Associate Vice President and Director

March 10, 2016

The Honorable Jose Medina  
Chair, Assembly Higher Education Committee  
1020 N Street, Room 173  
Sacramento, CA 95814

**RE: AB 1711 (McCarty and Medina), as introduced January 26<sup>th</sup>, 2016**  
**Scheduled for hearing in the Assembly Higher Education Committee on March 15, 2016**  
**Position: CONCERN**

Dear Chair Medina:

The University of California (UC) would like to respectfully express its deep concern regarding AB 1711, a measure that would restrict the University's nonresident enrollment. Specifically, AB 1711 would require that, as a condition for UC to receive state funding, no more than 15.5 percent of undergraduate students enrolled at UC systemwide be nonresidents. The bill would also prohibit any UC campus where undergraduate nonresident enrollment is above 15.5 percent from enrolling new nonresidents. AB 1711 would require that no less than 50 percent of the revenues in excess of the marginal cost of instruction generated from undergraduate nonresident enrollment be directed to fund increased enrollment of undergraduate resident students, and the bill includes an annual reporting requirement regarding nonresident enrollment and tuition revenue.

We are concerned the enactment of AB 1711 would result in significant revenue loss for the University — estimated at \$179 million — and hamper our ability to support all students with additional revenue that nonresident students provide. UC has increased nonresident enrollment to help mitigate the impact of state funding cuts over the last several years. As the committee is well aware, nonresident students pay an additional \$24,708 beyond the tuition paid by resident students. The funds generated from nonresident supplemental tuition (NRST) surcharges have become an essential source of funds to help campuses preserve the quality of academic programs and enhance financial aid for resident students. These revenues have also allowed campuses to maintain resident enrollment levels during a time of decreasing state support and flat tuition. Complying with the provisions of AB 1711 could undermine the University's ability to serve Californians in the absence of additional state support for enrollment.

Last year, President Napolitano directed that nonresident enrollment remain flat at UC Berkeley and UC Los Angeles. The University will again cap nonresidents at UC Berkeley and UCLA for 2016-17 and will also impose a cap at UC San Diego for the first time. However, the 15.5 percent limit proposed in this legislation would require reductions in nonresident enrollment at those

campuses as well as UC Irvine. The University would have to reduce nonresident enrollment at those four campuses by a collective 4,591 students at a total tuition revenue loss of \$179 million — a significant sum that would impair our ability to provide a quality educational experience for California students.

It is also important to note that limiting nonresident enrollment will not create opportunity for more Californians to attend UC, since nonresidents are admitted over and above the University's targets for funded Californians. This year, we will enroll an additional 5,000 resident undergraduates above 2014-15 levels. Berkeley, Los Angeles and San Diego — along with UC Riverside — will each take larger shares of the new California growth than our other campuses. We have also committed to enrolling another 5,000 California students over the next several years if enrollment funding is provided.

Nonresident supplemental tuition revenues represent an important component of UC's core budget. These funds are used to support the core, essential mission of the University: teaching, research, and public service. Significantly diminishing this revenue source as AB 1711 proposes puts UC's ability to serve students at risk. For this reason, the University urges you to continue in-depth discussion to identify state resources to support California student enrollment as part of the budget process in order to avoid worsening the shortfall in critical areas of UC's budget that NRST is intended to address.

UC remains committed to examining options for continuing to enroll California residents and preserving the quality of a UC education. We appreciate your efforts to help us in this endeavor.

As always, thank you for your consideration of our views and your commitment to higher education. Please do not hesitate to contact me at (916) 445-9924 if I can provide further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Nadia Leal-Carrillo". The signature is fluid and cursive, with the first name "Nadia" being the most prominent.

Nadia Leal-Carrillo  
Legislative Director

cc: Assembly Member Kevin McCarty  
Vice Chair and Members, Assembly Higher Education Committee  
President Janet Napolitano  
Executive Vice President and CFO Nathan Brostrom  
Senior Vice President Nelson Peacock  
Associate Vice President and Director Steve Juarez