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April 5, 2016

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

RE: AB 2064 (Allen), as introduced on February 17, 2016
Scheduled to be heard by the Assembly Higher Education Committee on April 12, 2016
Position: CONCERN

Dear Chair Medina:

I am writing to inform you that the University of California (UC) has serious concerns with AB 2064 (Allen), which would require the Trustees of the California State University and the Regents of the University of California to determine the amounts of undergraduate tuition and mandatory systemwide fees for California residents in each incoming first-year class in their respective segments. The tuition and mandatory systemwide fees set for California residents in each incoming first-year class shall not be increased until that incoming first-year class has completed at least four academic years. The bill allows for an increase that reflects the percentage change, if any, in the Consumer Price Index calculated by the Bureau of Labor Statistics of the United States Department of Labor during the previous academic year. The bill does not apply to a student during the time the student is taking a leave of absence to serve in the military.

The University recognizes the challenges that students and families face in paying for the cost of education, and we are working diligently to provide students stability and predictability with regard to tuition. In fact, 57% of UC students pay no tuition thanks to the State's and the University's commitment to need-based financial aid, and less than half of our students take out student loans (with an average debt of \$20, 800—almost \$9,000 below the national average). As referenced in the Budget Act of 2015, UC systemwide tuition will not increase for the next two years, resulting in a **six-year tuition freeze**. However, without a commensurate investment of state funds, we are concerned that this bill could exacerbate the need for significant future tuition increases.

The University, through the Commission on the Future in 2010, and more recently, President Napolitano's tuition working group, has previously examined adopting a multi-year tuition schedule. Our review of a multi-year tuition schedule found this type of tuition policy

significantly reduces flexibility in tuition revenue. Since continuing students would be assured a fixed tuition increase rate, any revenue required beyond that amount, due to a sudden decline in State funding, for example, would have to be generated by the students who would be subject to the “new” student rate. In addition, application of the multi-year tuition schedule should be contingent on maintenance of effort by the State. In the case of significant and abrupt State budget cuts, as unfortunately occurred during the Great Recession, the University might, as a last resort, need to adopt an emergency tuition increase outside of the scheduled amount. For this reason, we believe the University is in the best position to collaboratively work with the State and partner to support excellence, innovation and access at the University.

We appreciate and share the author’s interest in finding ways to provide predictability and stability with regard to fees. However, we would encourage members of the committee to continue to examine options to increase state funding support for the University instead of enacting a tuition policy as proposed in the bill. The State’s 4-5 percent augmentation in funding for the University has been critical in keeping tuition flat for the last 5 years. We believe this type of partnership with the State is vital in future years to minimize the need for fee increases and preserve the quality of a UC education.

Thank you for your consideration of the University’s views. If you have any questions on our position, please do not hesitate to contact me at (916) 445-9924.

Sincerely,

A handwritten signature in black ink, appearing to read "Nadia Leal-Carrillo". The signature is fluid and cursive, written in a professional style.

Nadia Leal-Carrillo
Legislative Director

cc: Assembly Member Travis Allen
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