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April 10, 2017

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

RE: AB 393 (Quirk-Silva), as amended on April 6, 2017
Scheduled for hearing in the Assembly Higher Education Committee on April 18, 2017
Position: OPPOSE

Dear Chair Medina:

Regretfully, I am writing to inform you that the University of California (UC) opposes AB 393. This bill would require CSU and request UC to freeze tuition and mandatory systemwide fees at 2016-17 levels for the next three years. If implemented, the reduction in projected net revenue from tuition and fees would create budget shortfalls at every campus and systemwide. Additionally, a tuition freeze effectively decreases the amount of financial aid available to help needy students cover expenses beyond tuition and fees.

The University is working diligently to address legitimate concerns regarding the rising cost of education. However, the proposed tuition freeze will not serve to protect students and their families or the excellent quality of a University of California education that they have come to expect.

The University of California is committed to working with students and their families to make the cost of attending a UC more affordable and predictable. Our current financial sustainability plan includes modest, predictable tuition adjustments - pegged generally to inflation increases - coupled with robust financial aid that protects our low-income and many of our middle-income students from the impacts of those increases. The revenue provided by the tuition adjustment is critical to maintaining the quality of education at UC since tuition has remained flat for six consecutive years. Additionally, we continue to employ efforts to improve efficiency and to identify alternative revenue sources.

Moreover, a tuition freeze would reduce, not improve, UC affordability for its neediest California resident students. More than half of California undergraduates have their tuition and fees fully covered by grants and therefore would not benefit from AB 393. In addition, UC's need-based

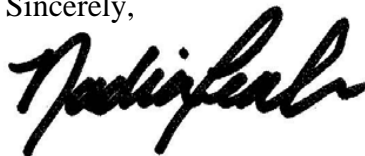
institutional aid program provides undergraduates with an estimated \$250 million in UC grants to help cover expenses above and beyond tuition and fees, such as housing, food, books and transportation. Nearly all of this assistance is funded by tuition. As a result, with no tuition increase, no additional financial aid would be available to help students cover these cost increases and other necessary expenses.

Of most concern, AB 393 does not include a guarantee of state funding for the University. The financial impact of the bill would result in a tuition revenue loss of over \$50 million each year with no assurance that adequate state funding would be available to provide instructional resources and other services such as student mental health services and financial aid to support UC students. More precisely, gross revenue is reduced by over \$80 million with a \$30 million reduction in financial aid based on return-to-aid rates of 33 percent for undergraduates and 50 percent for graduate students. After three years, the cumulative impact is a loss of over \$350 million in net revenue, with ongoing revenue diminution of nearly \$200 million per year. Absent any mention of a guarantee of state funding in the bill, UC cannot in subsequent years cover the remaining gap without a combination of moderate increases in both state support and tuition and fees.

The University is committed to providing stability and predictability with regard to tuition and fees, providing students with the necessary financial aid to minimize the impact of tuition and fee increases, 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,



Nadia Leal-Carrillo
Legislative Director

cc: Assemblymember Quirk-Silva
Vice Chair and Members, Assembly Higher Education Committee
President Janet Napolitano
Executive Vice President and CFO Nathan Brostrom
Senior Vice President Nelson Peacock
Interim Director Kieran Flaherty