Dear UC Faculty Member:

Welcome to Winter Quarter 2015! I hope your winter holiday was enjoyable and that you are entering the new term with enthusiasm.

You and your colleagues make UC great. The Regents, Chancellors, other colleagues, and I are committed to providing an environment in which you can thrive and the University can excel in all aspects of its mission. To that end, I want to bring you up to date on efforts to achieve both adequate funding for the University of California and also predictable costs and revenue for campuses, students, and their families.

In November 2014, the Board of Regents approved several budget items designed to maintain UC's academic excellence in teaching, research, and service; expand undergraduate access for California students; and maintain our robust return to aid program that allows more than 55 percent of undergraduates to pay no tuition to attend UC--and to achieve these goals with a long-term plan that creates predictability for everyone. You have seen firsthand the sacrifices that campuses have made over the last several years of decreased funding and know that adequate State investment in the University is essential to maintaining quality, access, and affordability. The plan to increase UC's funding relies on roughly equal contributions from the State, student tuition and fees, and University cost reductions and fundraising. Tuition and fees could be raised a maximum of five percent per year for five years. That could be reduced or eliminated if the Governor and the State provide additional funding. For more information, please review the attached summary and go to http://budget.universityofcalifornia.edu/.

I am working with the Legislature and the Governor to increase the State's investment in UC, which is an investment in the future of California as well as a means of avoiding tuition increases. It is an ongoing process. On January 9, the Governor released his proposed 2015-16 budget for California. The proposal that Governor Brown released is only the first step in the process of enacting a State budget. While I am disappointed the Governor did not include sufficient revenue to expand enrollment of California students and reinvest in academic quality at the University, I am hopeful that continued discussions with the Governor and the Legislature will yield a budget that maintains the access, affordability, and excellence for which the University of California is renowned.
As President of the University, it is my privilege and obligation to maintain UC's standing as the top public research university in the world while increasing access and affordability for Californians. I ask that you as faculty continue in all your efforts to sustain excellence in UC's teaching, research, and public service and that you take every opportunity to let others know just how good the University is.

Fiat Lux!

Yours very truly,

Janet Napolitano
President
General

- The historically strong investment by the State and the people of California in UC has enabled UC to become a world-class public research university that provides California undergraduates with an unequaled combination of access, affordability and excellence.
- But fiscal crises over the years have led to a pattern of steep budget cuts and corresponding sudden and dramatic increases in tuition.
- The challenge facing UC and the State today is how to build a sustainable long-term financial plan that preserves UC’s distinctive combination of diversity and academic excellence.
- The action taken by the Regents in November 2014 to stabilize tuition over the next five years is contingent on the level of State funding. If the State increases funding to a level that would preserve academic quality and enable UC to increase enrollment of Californian undergraduates, any tuition increases could be lowered or eliminated.
- The plan is aimed at preserving the quality of the academic program, protecting financial aid and enrolling 5,000 (2.5%) more California students over the next five years.
- State funding to UC was cut by nearly a billion dollars (about 25%) during the recession and is nearly half a billion dollars less than it was in 2007-08, even though there are nearly 25,000 (14%) more students at UC now. In fact, there are 7,000 UC students who have never been funded by the State.
- The central issue is how the State of California funds the university, assuming the State shares the goal of the faculty, students and administration to maintain UC as the world’s greatest public research university.
The Tuition and Financial Aid Stability Plan

- The long-term stability plan for tuition and financial aid will reverse the boom-and-bust cycle for tuition and fees and will ensure that prospective students and their families know the costs of their UC education when they enroll. (See Display 9 on page 27 of the UC 2015-16 budget, available at: http://www.ucop.edu/operating-budget/_files/rbudget/2015-16budgetforcurrentoperations_.pdf).

- Under the plan, over the next five years, tuition and fees will increase no more than 5 percent annually. The maximum increase for basic tuition and fees would be $612 for the 2015-16 academic year. The annual 5 percent increase is a ceiling. Tuition and fees will not increase above these levels as long as the funds the State provides to UC continue to increase by at least 4 percent annually (equivalent to a 1.7 percent increase in UC core funds for student education) and the State also continues to cover mandatory systemwide charges under the Cal Grant Program.

- UC is committed to preserving what is the most robust financial aid program in the nation. One-third of every tuition dollar will continue to be dedicated to financial aid. More than half (55%) of all California resident undergraduates will continue to pay no systemwide tuition or fees. Another 14 percent will have partial tuition covered.

- Financial aid offerings will be adjusted to accommodate any future changes in tuition rates.

- If UC receives funding above the minimum State commitment, tuition and fees may increase by a smaller amount or remain flat over the course of the five-year period.

- The proposal for additional funding – either from State investment or tuition increases of no more than 5 percent annually over 5 years – will enable UC to:
  - enroll at least 5,000 (2.5%) more California students over 5 years;
  - increase diversity through the enrollment of more California students;
  - continue UC’s robust financial aid program which, together with State programs, helps students and families earning up to $150,000 per year;
  - improve the quality of the student educational experience by hiring more faculty to reduce the student-faculty ratio, increasing course offerings and providing academic support services;
  - help decrease undergraduates’ time to degree and increase their graduation rate;
  - continue to recruit and retain outstanding faculty; and
  - maintain tuition and fees at low, predictable levels.

- UC will use all new tuition revenues solely to support and improve students’ educational experience.
**State Support for UC**

- The economic recession that began in 2007 forced the State government to make hard choices that included significant funding cuts to the University of California. But the State has been disinvesting in the University of California for at least 25 years. In 1990, the State contributed 78 percent of the total cost of a student’s education. In 2014-15 it contributes just 43 percent. (See Display 10 on page 29 of the UC 2015-16 budget, available at: [http://www.ucop.edu/operating-budget/_files/rbudget/2015-16budgetforcurrentoperations_.pdf](http://www.ucop.edu/operating-budget/_files/rbudget/2015-16budgetforcurrentoperations_.pdf))

- The recent cuts in State funding resulted in:
  - dramatic and sudden tuition volatility;
  - negative impacts on education quality as a result of rising student-faculty ratios and cuts in course offerings and teaching assistants; and
  - enrollment of nearly 25,000 nonresident undergraduates, whose nonresident supplemental tuition helps fund California resident enrollment and who now constitute about 13 percent of all undergraduates compared to the historic level of about 4 percent. (See discussion of nonresident enrollment on page 87 of the UC 2015-16 budget, available at: [http://www.ucop.edu/operating-budget/_files/rbudget/2015-16budgetforcurrentoperations_.pdf](http://www.ucop.edu/operating-budget/_files/rbudget/2015-16budgetforcurrentoperations_.pdf))

**UC’s Commitment to California**

- A UC undergraduate education greatly enhances the earnings potential and lives of tens of thousands of students and families and enables social mobility.
  - Within five years of graduation, over 50 percent of UC's low-income students earn incomes in California that exceed those of their families when they entered UC.
  - About 40 percent of UC undergraduates receive Pell Grants – which are typically given to students in households with total family income of $50K or less – compared with about 15 percent at elite private universities and about 25 percent at other selective public universities, including the University of Michigan and the University of Virginia. (See Indicator 3.2.1 of the 2014 UC Accountability Report, available at: [http://accountability.universityofcalifornia.edu/index/3.2.1.](http://accountability.universityofcalifornia.edu/index/3.2.1.))
  - About 40 percent of UC’s undergraduates are first-generation college students. (See Indicator 2.4.1 of the 2014 UC Accountability Report, available at: [http://accountability.universityofcalifornia.edu/index/2.4.1.](http://accountability.universityofcalifornia.edu/index/2.4.1.))
  - About 25 percent of all undergraduates come from underrepresented minority groups. (See Indicator 8.3.1 of the 2014 UC Accountability Report, available at: [http://accountability.universityofcalifornia.edu/index/8.3.1.](http://accountability.universityofcalifornia.edu/index/8.3.1.))

- A UC education prepares undergraduate, graduate academic, and graduate professional students to succeed as leaders, creators, employees, family members and citizens and thereby contribute to the wellbeing of the State, nation, and world.
UC’s Commitment to California (cont.)

- UC is an economic engine for the State.
  - UC generates about $46.3B in economic activity in California and contributes about $32.8B to the Gross State Product annually.
  - Every dollar the California taxpayer invests in UC results in $9.80 in Gross State Product and $13.80 in overall economic output.
  - One of every 46 jobs in California (about 430,000 jobs) is supported by UC operations and outside spending by members of the University.
  - UC attracts about $8 billion in annual funding from outside the State.

Conclusion

- UC would like nothing better than the State’s partnership in avoiding a tuition increase. An additional allocation from the State of about $100 million would buy out the entire proposed tuition increase in 2015-16. When compared with the State’s spending in other areas such as prisons, high-speed rail and the like, this amount is trivial to preserve the academic excellence, access and affordability that are UC’s hallmarks.

- We can't wait any longer to reinvest. We must act to increase access for California undergraduates, protect the quality of the education we provide all our students and sustain the vitality of our research and creative activities. The long-term stability plan for tuition and financial aid does that.

For more information about the plan and/or how to support it, please contact the following person on your campus:

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Attachment to Napolitano Faculty Letter (1.14.2015)