Dear Bob:

At its meeting of January 21, 2004, the Academic Council voted unanimously to adopt the enclosed Resolution on Educational Fee Waiver, which was brought to Council by the University Committee on Faculty Welfare. As you may know, an educational fee has been a long-standing recommendation of the Academic Senate, having been sent to the President in 2000 and again in 2002. Council heartily supports a fee waiver plan, which would constitute a relatively small portion of payroll while providing a benefit of high value to faculty and staff. Moreover, in light of the current budgetary situation, a fee waiver would serve as 1) a welcome and inexpensive tool for faculty recruitment; and 2) a means of offsetting at least somewhat the lack of salary increases for both faculty and staff. Because university budgets are depleted at present, the proposed schedule for implementation minimizes the initial costs and allows for expansion as budgets are normalized.

On behalf of the Academic Council, I respectfully urge you to consider the enclosed resolution and our recommendation to institute an educational fee waiver for qualified children, spouses, and domestic partners of all faculty and eligible UC employees.

Cordially,

[Signature]

Lawrence Pitts, Chair
Academic Council

Encl: Academic Council Resolution on Educational Fee Waiver
cc: Academic Council
ACADEMIC COUNCIL RESOLUTION ON EDUCATIONAL FEE WAIVER
Endorsed by the Academic Council on January 21, 2004

The University of California shall waive the educational fee for undergraduate and graduate education at the University of California for qualified children, spouses, and domestic partners of all University of California faculty, of non-faculty University employees subject to eligibility qualification (membership in UCRP + 5 years of service), of eligible decedents, and of annuitants of normal retirement age. The Senate recommends that the waiver program proceed along the following schedule:

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Qualifying Employees</th>
<th>Waiver</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>Newly hired faculty</td>
<td>50% of educational fee</td>
</tr>
<tr>
<td>2005-06</td>
<td>All faculty</td>
<td>50% of educational fee</td>
</tr>
<tr>
<td>2006-07</td>
<td>All faculty, annuitants, and eligible employees</td>
<td>50% of educational fee</td>
</tr>
<tr>
<td>2007-08 and thereafter</td>
<td>All faculty, annuitants, and eligible employees</td>
<td>100% of educational fee</td>
</tr>
</tbody>
</table>

The maximum waiver shall be twelve (12) person-years per qualifying employee"
Dear Larry:

Please accept my apology for the delay in responding to your January 23rd letter conveying the Academic Council’s resolution to institute an Educational Fee Waiver for qualified children, spouses, and domestic partners of all faculty and eligible UC employees. While I wish it were otherwise, the University is not in a position to implement a new fee waiver program at this time.

As you know, the State’s fiscal crisis has led to budget cuts to the University in each of the last three years, and the Governor’s 2004-05 budget contains another $372 million cut. In addition, we believe the student fee revenue numbers in the Governor’s Budget have been overestimated. Therefore, the anticipated shortfall in revenue amounts to another unallocated cut to the campuses. The University Committee on Faculty Welfare’s proposal for a new Education Fee Waiver program would reduce revenue even further and exacerbate the current budget problems.

I have discussed the proposal with the Chancellors. We are deeply concerned about four years of budget cuts and believe that faculty salaries and the quality of our educational programs are higher priorities at this time.

Sincerely,

Robert C. Dynes

cc: Chancellors
    Provost Greenwood
    Vice President Hershman