

Academic Senate Chair Jim Chalfant
Remarks to the University of California Board of Regents
September 2016

Thank you, Chair Lozano, and Members of the Board. To represent the Academic Senate here is truly humbling. There is so much to tell you about UC faculty, staff, and students; how rich and varied are their experiences and their accomplishments, and how many great ideas and unique perspectives they bring to the University's mission. I will follow the approach Dan Hare took last year and relate the policy questions before us to what we as faculty see first-hand every day.

First, it is my great pleasure to introduce the Senate's vice chair, Shane White, a 3-time Bruin graduate, and a Professor at UCLA's School of Dentistry. He is also a graduate of both Trinity College Dublin and USC. His research interests include dental biological materials, genetic-structural relationships in enamel, and patient-centered endodontic outcomes. He has won several major awards for his research. To be here today, he is missing a meeting at which he is to be named an Honorary Fellow of the Irish Prosthodontic Society. Shane's Senate record is equally impressive, with a decade's systemwide service in faculty welfare and planning and budget issues, notably participating in both of our task forces on UCRP, and chairing the UCRS Advisory Board.

This year, this Board will be deciding on a policy concerning nonresident enrollments. Before there is a specific proposal to discuss, I'd like to engage in some framing of the topic. This will not be a simple choice about admissions. It will affect UC's budget and the future of every UC campus. The Senate does not yet have a recommendation, but these considerations will guide our thinking.

Let's first address the budget. Among nearly 200,000 undergraduates in Fall 2015, around 20,000 were international nonresidents, and nearly 11,000 were domestic nonresidents; low percentages compared to our peer institutions. These 30,000 students pay over \$800M in nonresident

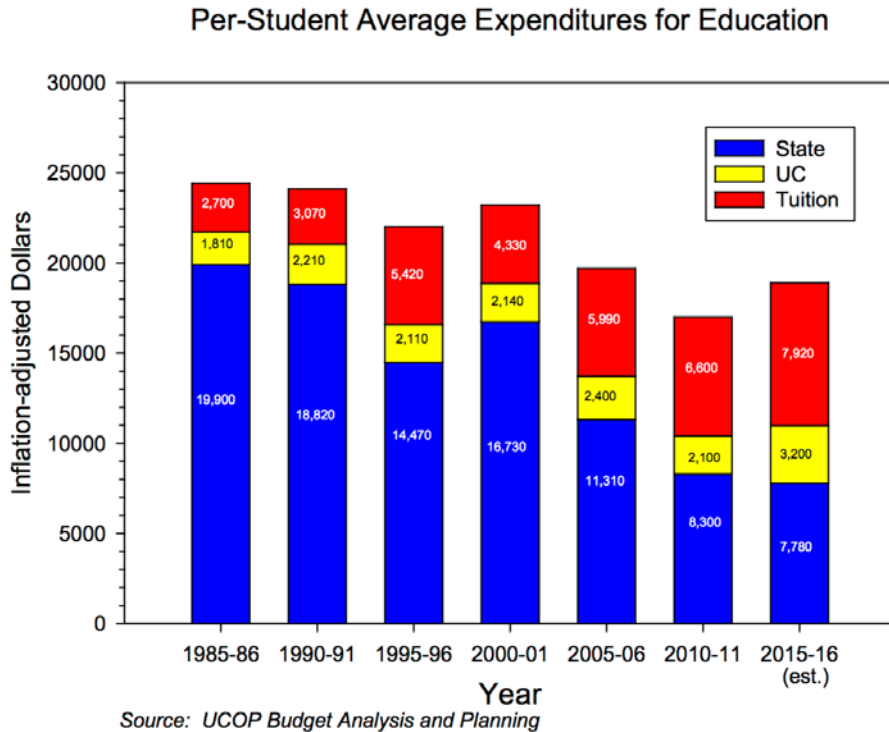
tuition---plus in-state tuition. That amount represents nearly twice the three years of Prop 2 funding for UCRP. It is less than the nearly \$1B in budget cuts UC absorbed. Even a 10% reduction in nonresident revenue would represent a budget cut of over \$80 million dollars, over half of Berkeley's structural deficit. I do not know how we would make up a cut of that magnitude or perhaps more, especially while the state does not fully fund its historical share of marginal cost for California residents. Before reducing an important revenue stream, we need to know how to fund new infrastructure, deferred maintenance, mandatory cost increases, and other expenses that even full marginal cost would not adequately support. We need to think about what we are giving up, every time we are told to find the money elsewhere.

The admissions question is itself complex. As you know, the Senate will review our policy ensuring that nonresidents must compare favorably to California residents admitted at each campus. We will examine both implementation of the policy and our communications about admissions outcomes. An additional requirement to turn away highly qualified nonresidents could bring additional consequences. If the new policy applies to enrollments, not admissions, then we will need to consider the uncertain processes that determine "yield." How will campuses guarantee compliance with new limits, except by erring on the side of caution, admitting even fewer qualified nonresidents and foregoing even more revenue?

Third, this is a question of how we see ourselves. Nonresidents are more than a source of revenue. Right now we bring talented students from around the world, enhancing the UC experience for all students. We know that many of these students will stay in California, possibly to start new businesses and to contribute to meeting future demands for an educated workforce.

It's easy to assume that if a nonresident is in a seat, a California resident is not. If only it were that simple. I would like to refer to the graph that Dan Hare displayed at our July meeting. Dan spoke about the declining blue bars, representing the state's contribution to the cost of instruction; I will turn your attention to the yellow bars, where nonresident tuition and other

UC funds can be found. These yellow bars do not come close to restoring reductions in per student funding, to say nothing of infrastructure needs that marginal cost does not cover, yet they represent nearly 17% of UC's expenditures per student.



Our commitment to access and affordability is unparalleled, but it is hollow without our third goal, quality. If we reduce nonresident tuition revenues without an alternative revenue source in mind, just what kind of University will we be providing access to?

I do not like to use the word flagship. But my core belief as Senate chair is that Californians should aspire to having ten flagship campuses as the state's research university, and we should not settle for anything less. We need to fund the labs, beds, classrooms, infrastructure, student-support services, and faculty and staff to bring that about. If the state won't pay for it, what is the alternative to using nonresident tuition? The increases negotiated by the Committee of 2 are welcome but not nearly enough.

Limits on nonresidents also require choices about our individual campuses. One possibility is to have only a systemwide limit on nonresidents. In that case, should some campuses bear a disproportionate share of the

University's Master Plan responsibilities, by educating a higher proportion of California residents? With relatively few nonresidents, Merced, Riverside, and Santa Cruz provide opportunity to greater percentages of under-represented and first-generation students, but for the most part do not benefit from nonresident tuition. On the other hand, asking the campuses with more nonresidents to cut back harms them without helping the other campuses: we do not help Merced reach 2020 goals, or better serve the under-represented or first-generation students at these three campuses, by adding to Berkeley's structural deficit.

I expect to speak in the coming months about the consequences of enrolling an additional 5,000 Californians this year. UC faculty are very committed to doing everything we can for all of our students, but as Dan pointed out in July, we are well aware that what we are offering them now is not what we offered the previous generation. We need to be aware of the consequences of limiting revenues from nonresidents. We can't simply find other revenues, and the targeted cuts that the state might suggest need to be understood as real cuts that do real harm. I can't imagine how anyone can think that we are letting class sizes and waitlists grow, letting deferred maintenance remain deferred, and displacing students seeking housing guarantees, while maintaining some secret categories of truly wasteful or inefficient spending.

I'll close with the main lesson I draw here: when you make admissions policy, you are implicitly making budget policy and that determines everything. As the saying goes, there is no free lunch. Anyone who imagines that we will truly be creating quality opportunities for Californians and serving the state well by limiting nonresident enrollments and foregoing revenues is ignoring this lesson from economics, and budget reality three decades in the making. We have a very challenging conversation ahead of us, but I am really looking forward to it.

Chair Lozano, this concludes my remarks.