

May 11, 2004

MEMBERS OF THE UNIVERSITY OF CALIFORNIA COMMUNITY

Dear Friends:

This morning, I joined Governor Schwarzenegger and CSU Chancellor Charles Reed at a Sacramento press conference announcing our collective agreement on a new “compact” providing multi-year stability in the funding of public higher education in California. I wanted to pass along this good news to you as soon as I could.

As you know, the University of California has sustained serious budget cuts over the last several years. Over a four-year period including the 2004-05 year under the governor’s January budget, UC will have sustained a net 16% decrease in state funding while our student enrollments have grown 16%. Substantial program cuts have been made across the University, student fees have increased significantly, and faculty and staff salaries have fallen behind where they need to be.

To turn this trend around, the governor has agreed to a higher education compact that provides UC and CSU with funding increases beginning in the 2005-06 year and extending through 2010-11. In exchange, each system commits to accountability in specified areas important to the state.

This compact is a major milestone for the University because, in a time of continued state budget cuts, it carries the promise of renewed fiscal stability for the UC system. Under the compact, the University will receive funding increases to preserve its internationally acclaimed academic programs, to provide broad accessibility for promising California students, and to sustain its deep impact on the economy, health, and quality of life of California.

There will be, for instance, funding beginning in 2005-06 to resume the growth of faculty and staff salaries, which is critical to maintaining institutional quality. Student fees will be expected to rise to help pay for the institution’s costs, but for the first time in recent memory, fee increases will be predictable so that students and their families can plan ahead and budget their resources. State funds will be provided to resume enrollment growth at UC, preserving a place for students who challenge themselves, excel, and meet the University’s eligibility requirements. And the Schwarzenegger Administration expresses its support in the compact for future education bond measures providing UC with facilities funding comparable to that of Proposition 55.

One very important principle of the agreement is that the funding components of this compact constitute a floor, not a ceiling. The compact reflects the minimum level of state resources necessary to preserve quality and access at the University. Additional funds can be made available when the state’s resources allow. Furthermore, I believe the accountability components of the compact are things we can live with and, in most cases, are already doing very successfully.

All state budgets are a product of negotiation between the governor and Legislature. This compact is with the governor and will need the Legislature’s annual support. However, members of the Legislature, from both parties, have placed a high priority on public higher education in

this year's budget discussions. As I have traveled around the state, I have found some of them making my own arguments back to me about the importance of UC to the state of California!

The University still will sustain significant budget cuts in the 2004-05 fiscal year, given that the state is still grappling with a major budget problem. However, the governor's May Revision on Thursday will not propose cuts to UC any larger than those in his January budget. Further, the compact's promise of recovery starting in 2005-06, and growing over the following years, is very much in the University's long-term interest. There will be short-term pain but long-term gain.

Let me also take a moment to address issues of concern to students. As we negotiated this compact, we kept in mind the principal budget priorities expressed by the UC student leadership this year: fees, financial aid, access, and outreach. Fees will rise, as they do at most universities, but the compact provides students with a plan for gradual, moderate, predictable increases. The compact allows the University to determine the proportion of new fee revenue it returns to financial aid, up to 33%, giving us an important tool to preserve access. The agreement promises the end of enrollment cuts and a return to providing full access for California's growing college-age population. And, the University commits in the compact to a specified level of non-state funding to sustain our outreach programs, and I believe decision makers in Sacramento are open to negotiating a level of state funding for outreach in the annual budget process.

Today I thanked Governor Schwarzenegger for his commitment to public higher education and for his recognition of the University of California's central role in shaping the California of tomorrow. I also want to thank many other people – members of the Legislature who have been steadfast advocates for higher education, our friends and supporters in communities throughout the state, and all of you in the immediate University of California community. Your work, your strength, and your voices in support of higher education have made a tremendous difference and have helped create the environment that made this compact possible.

I am excited about this turn of events and hope you share my optimism – now stronger than ever – about the future of the University of California. The details of the compact with Governor Schwarzenegger are available on the web at [www.universityofcalifornia.edu/news/compact/welcome.html](http://www.universityofcalifornia.edu/news/compact/welcome.html). As always, I invite you to share with me your comments and ideas via Dynes' Desk at [www.universityofcalifornia.edu/president/desk.html](http://www.universityofcalifornia.edu/president/desk.html).

Sincerely,

Robert C. Dynes  
President