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UNIVERSITY OF CALIFORNIA STUDENTS AND PARENTS

Dear Friends:

I hope 2004 is off to a successful start for you and your family and that all of you are enjoying a positive, rewarding experience with the University of California. Since becoming President of the University last October, I have been visiting the campuses of the UC system and getting to know our community. Along the way, I have had the pleasure of meeting many students and parents, and I hope I will have an opportunity to connect with many more of you in the months and years ahead.

One of my responsibilities as UC president is securing State funding for the University's operations. As you may know, California continues to face a very difficult budget situation. Billions of dollars in cuts to State programs have been proposed to address a major imbalance between revenues and expenditures, and as a result, the University of California is slated for funding cuts for a fourth consecutive year. These proposed cuts, when combined with reductions from prior years, would leave the University with \$520 million less in net State funding than it had four years ago, a decline of 16 percent during a period when our enrollment has grown 16 percent.

The University is doing all it can to take a balanced approach in addressing budget shortfalls--no program will be immune from the effect of these reductions. Our campuses are making every effort to absorb budget cuts in a way that preserves the quality of the instructional program for our students. However, cuts to our existing resources alone cannot make up the deficit in state funding we are experiencing.

With that in mind, I am writing to make sure you know that, as one part of the package of State budget solutions, student fee increases at the University of California are again being proposed for the 2004-05 academic year. These increases most likely would take effect starting with this year's summer sessions.

We do not yet know the final dollar amounts of the fee increases. This subject will be a matter of debate throughout the spring as the State budget--including the University's portion of it--is negotiated.

At this point, however, given the Governor's initial proposals for student fee levels, it is likely that undergraduate fees will rise at least 10 percent (\$498) for the 2004-05 academic year and may go higher. Fees for graduate students are proposed to rise by as much as 40 percent, although we hope to reduce this figure during the budget process. (Professional school fee increases will vary by school.) Nonresident students would see a 20 percent tuition increase, in addition to increases in other fees these students pay.

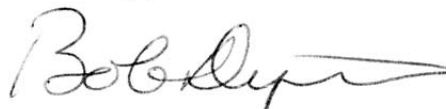
Again, these are very preliminary numbers and are subject to change. Fees for the 2004 summer sessions would be adjusted proportionally to the full-year fee increases ultimately adopted.

It is important for families to keep financial aid in mind as they plan for their college costs. Half of UC undergraduates are still expected to qualify for scholarship and grant aid from federal, state, private and University sources. However, overall increases to financial aid for 2004-05 will not be as generous as in past years. Although final decisions have not been made about funding levels for Cal Grants and University grants, it is clear that they will not keep pace with increases in the total cost of attending UC. All families can expect to contribute more to meet their expenses.

The University will focus its grant resources this year on providing help with 2004-05 cost increases to lower-income undergraduates who have applied on time for financial aid. If fees are raised more than 10 percent, the University will make every effort to provide UC grant-eligible undergraduates with additional grant aid to cover the higher fee.

I know that fee increases are unwelcome news, particularly when fees already have been raised substantially. I am working hard to convey to State leaders that public higher education is critical to the future of California--to the state's economic growth, to the opportunities for the next generation of students and to our collective quality of life. I hope you will, in your own ways, join me in conveying the message that sustaining student access and educational quality at the University of California must be a high priority for our state. We will keep in touch and provide you with more information about the budget process as it becomes available, and you may also want to visit our Web site at www.universityofcalifornia.edu/news/budget for continuing updates.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Dynes", with a long horizontal flourish extending to the right.

Robert C. Dynes