FAQs

1. **What additional funding does the May Revise provide for UC?**

This historic agreement between the Governor and the University of California provides a framework for stable and sustainable funding for the current level of undergraduate enrollment and provides students, families and UC with a reliable way to budget for the cost of education. The agreement is subject to approval by the Legislature.

The Governor has committed in the agreement to provide annual 4% base budget increases ($119.5 million in 2015-16) through the end of his term. This commitment extends the base budget increases planned for 2015-16 and 2016-17 by two additional years, through 2018-19. This amounts to a total increase of $507.3 million in UC’s base budget over the next four years.

The agreement also includes nearly $500 million in one-time funding to help pay down UC’s pension liability, to pay for critical deferred maintenance projects, and to support long-term, capital-intensive energy efficiency projects planned as part of UC’s sustainability initiative. Significantly, the agreement’s allocation of $436 million in one-time funding to pay down UC’s pension liability reflects the Governor’s acknowledgement that the state has an obligation to UC’s pension.

Although the Governor’s revised budget provides funding to support UC’s fiscal solvency, it does not fund California student enrollment growth. UC has been engaged in discussions with legislators on ways to fund this priority area and will continue to work with the Legislature to provide additional funding to enroll more California students, given continuing enrollment demand and the state’s predicted shortage of skilled workers.

2. **Will tuition for California undergraduates increase under the May Revise?**

The new revenue provided under the agreement will allow UC to avoid tuition increases in 2015-16 and 2016-17. Tuition will remain at its current level of $12,192 during that time, provided the agreement is approved by the Legislature.

Then, after a six-year freeze, tuition will increase gradually pegged to the rate of inflation beginning in 2017-18. Moderate annual tuition increases will put the University on a path of long-term financial sustainability and ensure that students and parents are not subject to the tuition volatility of the past. The increases also will allow UC to maintain its robust financial aid program, lower the student-faculty ratio, increase course offerings and support services, and reduce the time it takes students to graduate.

UC’s Student Services Fee will increase annually by 5% ($48) starting in 2015-16 to pay for enhanced student mental health services and other critical student services.

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3. **How does this agreement differ from the November plan adopted by the Regents? Does this agreement provide the funding sought in November?**

This agreement comes close to providing the funding sought in November, with the exception of increased state funding to grow enrollment of California students. The November plan adopted by the Regents sought:

- Reduced tuition volatility and an increased ability for families to plan for future tuition levels
- Continued commitment to affordability and maintenance of UC’s robust financial aid policies
- Enhancement of academic quality and the student experience—including improvement in student outcomes
- Continued commitment to increase access for California students

This agreement meets all of these goals, with the exception of additional resources to increase enrollment of California students. UC has been engaged in discussions with legislators on ways to fund this priority area and will continue to work with the Legislature to secure additional funding to enroll more California students, given continuing enrollment demand and the state’s predicted shortage of skilled workers.

4. **I received a letter in December saying my tuition would go up by 5%. Is that still the case?**

No. While it’s not possible to answer with certainty until the final budget—subject to approval by the Legislature—is signed at the end of June, the framework agreed to by President Napolitano and Governor Brown in the May Revise means in-state tuition next year, for the 2015-16 academic year, will not increase beyond the 2014-15 level (or $12,192).

5. **Why is tuition increasing in the out-years, beginning in 2017-18?**

The University’s goal is to provide students and families with tuition stability and predictability, and the ability to plan and budget for the future. UC will continue to implement efficiencies, generate new sources of revenue, and otherwise “bend the cost curve” in delivering education to its students. These cost saving and revenue-generating efforts are expected to address one-third of the University’s longer-term budget gap. The funding promised by the Governor from the state in future years will solve another third. But additional funding will be needed from a moderate tuition increase to resolve the remaining third.

6. **Why do you not need to increase tuition for the next two years, until 2017-18?**
The long-term stability and tuition plan approved by the Regents in November stated that the annual tuition increase of up to 5% over the next five years could be lowered if the state provided additional funds above UC’s base budget adjustment. The agreement between President Napolitano and Governor Brown includes additional funds for UC above the base budget increase that makes it possible to eliminate the annual tuition increase for 2015-16 and 2016-17, with annual modest, predictable tuition increases starting in 2017-18 and beyond. This is contingent on the Legislature approving the agreement.

7. How does the agreement impact nonresident tuition?

Over the last several months, the University has been engaged in productive discussions with members of the Legislature. One of the topics of these conversations has been the appropriate level of undergraduate nonresident tuition. The Legislature has put forth several proposals for nonresident tuition increases higher than the 5% annual increase approved by the Regents in November. In order to allow these conversations with the Legislature to continue, the President is asking the Regents for additional authority to raise the level of nonresident undergraduate tuition up to 8% annually.

8. Will there be funding for student mental health?

Yes. UC’s Student Services Fee will increase annually by 5% ($48) starting in 2015-16 to pay for enhanced student mental health services and other critical student services. The fee increase was approved by the Regents in November.

9. What are the programmatic elements of the May Revise intended to address?

The Select Advisory Committee on the Cost Structure of the University was established to identify additional efficiencies while maintaining or improving access, quality, and outcomes. Through the Committee process and as part of the May budget framework, President Napolitano and Governor Brown agreed to expand a series of programmatic innovations already underway or under development on UC campuses to help campuses improve student success and use resources as efficiently as possible. These include adopting systemwide transfer pathways, using data to support student success by eliminating course bottlenecks and improving academic advising, expanding three-year degree pathways, and better utilizing summer session to decrease time-to-degree.

As part of the agreement, for example, each undergraduate campus (other than UCLA) will undertake a review of major requirements for three-quarters of its majors to determine whether the number of courses required to complete a major can be reduced without compromising quality. This review will be modeled on the “Challenge 45” review that UCLA conducted with great success.
UC will also expand its use of data analytics to enhance its understanding of instructional costs and improve student outcomes. As part of these efforts, campuses will expand the use of “predictive analytics” for identifying students at risk of academic difficulty and monitoring their progress that is already underway or planned at many campuses. UC will also pilot “activity-based costing” at UC Riverside and, pending a scoping study to determine which campuses are best situated to benefit, at two other campuses.

UC will also continue to work with the Legislature to garner additional funding to grow enrollment of California students—a priority for the Legislature and the University.

10. How does the May Revise impact admissions and enrollment?

The agreement between the Governor and the University will not have a direct effect on admissions, as it does not include funding for increased enrollment. Leaders of the state Senate and Assembly have both proposed increased funding to support enrollment growth. If that additional funding is included in the final budget, UC would move immediately to admit more students for Fall 2015. We are hopeful that many of these students would choose to enroll, even though their admission offers would come later than usual. Additionally, we would plan to add transfer students for the Winter and Spring terms and increase enrollment for the next school year.

11. How does the May Revise impact financial aid?

It doesn’t impact financial aid. UC will continue its robust financial aid program that enables over half of all California undergraduates to pay no tuition or fees.

12. How will UC spend the additional revenue?

The new permanent revenue provided under the agreement will allow UC to avoid tuition increases in 2015-16 and 2016-17, subject to approval by the Legislature. Tuition will remain at its current level of $12,192 during that time.

UC will use some permanent funding provided under the May Revise to expand a series of programmatic innovations already underway or under development on campuses to help campuses improve student success. These innovations include efforts to eliminate course bottlenecks and to improve academic advising, and to better utilize summer session and conduct a curriculum review at the undergraduate campuses designed to reduce time-to-degree and improve the undergraduate experience.

The University will use the nearly $500 million in one-time funding to help pay down UC’s pension liability, to pay for critical deferred maintenance projects, and to support long-term, capital-intensive energy efficiency projects planned as part of UC’s sustainability initiative.
13. Why can’t UC use the Proposition 2 funds provided in the May Revise for purposes other than pension (e.g., growing enrollment)?

Much of the funding proposed in the May Revise is one-time in nature and restricted to specific uses. The one-time funding from Proposition 2 revenues can only be used to pay for fiscal obligations such as budgetary loans and unfunded state-level pension plans. By law, it also must be used to supplement, rather than supplant, existing funds being used for these purposes.

The $119.5 million increase to UC’s core budget for 2015-16 allows UC to achieve many of the goals set forth in the November stability plan adopted by the Regents, including enhancing programs for student success, reducing the faculty-to-student ratio, improving the undergraduate experience, and funding basic budgetary needs, but it is not sufficient to fund enrollment growth.

14. Will the Select Advisory Committee continue to meet?

No. The Select Advisory Committee meetings between President Napolitano and Governor Brown covered significant ground, ranging from the role of a public research university, to UC’s cost structure and that of other public research universities, to opportunities to enhance student success and reduce time-to-degree. The framework incorporated in the Governor’s revised budget reflects the product of those discussions, providing funding to invest in the stability and sustainability of UC’s financial future, by reducing the University’s long-term liabilities, and to invest in student success, by continuing and expanding programs that support reduced time-to-degree so students can graduate in four years or less. We anticipate the President and Governor will continue discussions about these critical areas of the University’s future, but under a less formal structure.

15. What is the role of the Legislature in UC’s budget process?

The proposed framework has been agreed to by the Governor and the University but our work is not done. We will work with the Legislature to seek their support for this agreement as part of the state budget process. In addition, while the framework provides a historic level of much-needed funding to UC, eliminates a need for tuition increases this year and next, and recognizes the state’s obligation to help pay for UC’s pension costs, the May Revise does not provide any funding for enrollment growth. Growing California enrollment is among UC’s highest priorities, as reflected in the plan adopted by the Regents in November. The Legislature also places a high priority on enrollment growth. UC has been engaged in discussions with legislators on ways to fund this priority area and will continue to work with the Legislature to secure funding to enroll more California students, given continuing enrollment demand and the state’s predicted shortage of skilled workers.
16. Once Proposition 30 funding expires, will the State continue to support UC?

Yes. This agreement is a four-year framework that includes 4% annual base budget increases through 2018-19 that will keep tuition flat for the next two years, followed by moderate, predictable tuition increases. The nearly $500 million in one-time funding provided by the agreement helps pay down UC’s pension obligations, addresses critical deferred maintenance, and supports energy efficiency projects that will move UC closer to its carbon neutrality goal. The framework also expands a series of innovations on campuses designed to reduce students’ time-to-degree, enhance student success, and use resources as efficiently as possible. It will put UC on a more stable, sustainable financial footing beyond the expiration of Prop 30. However, the four-year framework does not provide funding for enrollment growth.

17. Does this mean UC will not need to engage in a budget process next year?

No. While this represents a framework for the Governor to use in building his budget proposal each year, it will continue to require input and approval from the Legislature each year. Moreover, while the framework reflected in the May Revise provides funding for certain UC priorities for the next four years, it does not contain funding to grow enrollment of California students. UC will continue to work with the Legislature this year and beyond for additional funding for enrollment growth.

18. How does the agreement affect UC’s pension? Will current employees be affected?

No. Current employees will not be affected.

The agreement provides $436 million in one-time funding over three years to help pay down UC’s unfunded pension liability. The University has long advocated for the state to fund its obligation to the University’s retirement plan. In exchange, the University will adopt, in consultation with the Academic Senate and upon approval by the Regents, a new pension tier by July 1, 2016. The new tier, which will affect only new employees hired after the new tier is implemented would provide, at the employee’s election, either:

- A defined benefit plan with a pensionable salary up to the PEPRA cap (currently $117,020), plus a supplemental defined contribution plan for certain employees, or
- A defined contribution plan.

The specific terms of new plans will be developed in consultation with UC faculty and staff. Currently, the vast majority of UC’s comparator institutions provides retirement benefits through a defined contribution—rather than a defined benefit—plan. We believe a potential hybrid approach that combines a defined benefit and a defined contribution plan would offer new employees an attractive combination of security and portability.
This change would follow earlier pension reforms adopted by the University. UC resumed employer and employee contributions in 2010 and implemented significant reforms as part of a new tier that went into effect in 2013.

19. How much of the UC Retirement Plan’s (UCRP) unfunded liability will be eliminated by funding provided under the May Revise?

The agreement provides $436 million in one-time funding over three years to help pay down UC’s pension liability, strengthening the long-term stability of UCRP. The University’s net pension liability as of June 30, 2014 was approximately $7.8 billion, of which roughly one-third, or $2.6 billion, derives from core-funded employees. The $436 million in one-time funding represents 16.7% of the state’s share of the unfunded liability.

20. Will adoption of the PEPRA-related provisions trigger a loss of UC faculty?

The PEPRA pensionable salary cap will not affect any current faculty or other employees. In addition, currently, the vast majority of UC’s comparator institutions provides retirement benefits through a defined contribution—rather than a defined benefit—plan. The University will explore incorporating a defined contribution plan into the new pension tier. We believe a potential hybrid approach that combines a defined benefit and a defined contribution plan would offer new employees an attractive combination of security and portability. It will be important that UC maintain the competitiveness of its benefit programs in comparison to other institutions in order to continue to attract and retain the best faculty.

21. When will the PEPRA-related provisions go into effect?

The University will adopt, in consultation with the Academic Senate, staff, and other stakeholders and upon approval by the Regents, the new pension tier by July 1, 2016. The new tier will affect only new employees hired after the new tier is implemented.

22. Will the PEPRA-related provisions have to be negotiated with unions?

Yes, any changes to benefits for represented employees must be collectively bargained. The University will adopt, in consultation with the Academic Senate, staff, and other stakeholders and upon approval by the Regents, a new pension tier by July 1, 2016. The new tier will affect only employees hired after the new tier goes into effect.

23. Will current employees be affected by the PEPRA-related provisions?

No.

24. What does the agreement mean for transfer students?
In May 2014, the University’s Transfer Action Team recommended a number of actions to streamline the transfer function and enhance transfer enrollment. As part of the agreement with the Governor, UC is committing to specific timeframes for implementing several key recommendations of the Transfer Action Team report. Specifically, UC has agreed to complete transfer preparation pathways for 21 of its top majors over the next two academic years. These pathways will be consistent across all nine undergraduate campuses, will be as consistent as possible with the CSU pathways being incorporated in community college Associate Degrees for Transfer, and will specify clearly any differences between the CSU and UC pathways.

In addition, consistent with the Master Plan for Higher Education, UC will increase the proportion of its students who enter UC as transfers, achieving by the 2017-18 academic year its goal of having one-third of entering students start as transfers (with the exception of UC Merced).

The President will also ask the Academic Senate to examine adoption of the state’s Common Identification Numbering (C-ID) system to further simplify course selection for potential transfer students.

25. Under the proposed framework, will students be required to take three-year degree paths?

No. As part of the agreement, each undergraduate campus will identify by March 1, 2016, pathways for ten of the top 15 majors that will enable students to complete their degrees in three years. No student will be required to use a three-year degree pathway. UC’s commitment to enhance three-year degree pathways will encourage and enable students who seek to complete their degrees in three years, while helping all students reduce the time it takes them to graduate.

26. How does the agreement impact summer session?

Alternative pricing models for summer are a means of encouraging students to enroll in summer session. These models could include, for example, financial incentives to take more units during summer session or to complete a degree in summer rather than returning for the next fall term. As part of the agreement, three UC campuses will pilot alternative pricing models for summer session by summer 2016. In addition, the three-year degree pathways developed by campuses will likely involve students making greater use of summer session.