

## THE PRESIDENT'S MESSAGE

One word – “impact” – provides a compelling description of the University of California and its role in our society today. As I begin my term as 18<sup>th</sup> president of the UC system, I carry the firm conviction that California remains the envy of the world. No matter what controversy of the moment diverts our attention, the reality is that people throughout the world look to California as a source of innovation, diversity, tolerance, risk-taking, and entrepreneurship. And much of California’s success simply would not be possible without the University of California and its contributions to education, health care, job creation, and quality of life in our state.

I think of the University’s function largely in terms of *transformation* and *delivery*. Our education programs help *transform* the lives of young people, helping them maximize their creative capabilities and become leaders in our society and economy. And our research and public service programs *deliver* important products and services to the people of California.

Over just a three-year period, according to one recent analysis, there were more than 2,600 University of California inventions – inventions that lead to new technologies and products which, in turn, increase productivity, enhance the lives of our families, and create new jobs, new companies, and whole new industries. UC each year graduates more than 3,000 students with bachelor’s degrees who go on to join key industries driving California’s economy – aerospace, agriculture, biosciences, computers, information technology, telecommunications, and media/entertainment. UC’s health care system handles more than 3.3 million clinic visits, 239,000 emergency room visits, and 120,000 inpatient admissions per year. More than 144,000 young Californians participate in 4-H club, science, and after-school programs administered through UC Cooperative Extension. And the University’s museums, performing arts venues, and community service activities enhance the artistic and cultural lives of countless Californians.

*Maintaining this kind of impact for the people of California requires continued support from the State.* The budget cuts of the last three years have slashed deeply into University programs. We have done our best to keep the worst of the cuts away from the student instructional program, to save money by increasing efficiencies, and to maximize our income from federal and private sources. At the same time, we have maintained our commitment to the Master Plan and admitted all UC-eligible students who

wish to attend; preserved recent admissions reforms that ensure we admit the highest achieving students from all backgrounds and all corners of the state; maintained a historically low time to degree for our students; and continued pursuing initiatives to stimulate economic growth in California. Preserving these impacts for the people of California, however, will become increasingly difficult with a continued decline in public resources.

For the last eight years, the University has maintained its side of an agreement, first with Governor Wilson and then with Governor Davis, that established the minimum resources the University should expect from the State, along with the measures of performance by which the State holds the University accountable. Unfortunately, the funding side of this agreement has fallen short; the UC system now is operating with \$1 billion less in State funding than it anticipated under the latest agreement. Faculty salaries are now 9% behind the average of our comparison institutions, and the University faces a similar challenge with respect to staff salaries. Student fees have increased significantly. And enrollments have increased by 18% over a three-year period while the University's net State-funded operating budget has fallen 14%.

I hope to work with the Schwarzenegger Administration on a new funding and accountability agreement that will help stabilize State support of the University of California. I also intend to work with the Governor, the Legislature, and the UC community to find ways of handling a still-difficult State budget situation without further compromising the quality and level of service the University offers the state.

To that end – and recognizing that the current uncertainty of the State's budget situation makes the task of proposing a UC spending plan for 2004-05 very difficult – I am offering a different approach to the University's budget this year. Rather than asking The Regents to adopt a 2004-05 budget proposal at this time, I am seeking the Board's approval of a set of principles intended to guide our budget discussions with the State in the coming months. These principles reflect the core values of the University – quality, access, and affordability – and they reflect my personal view that the excellence of an institution like ours stems from its ability to meet all of these obligations. The principles are described in the pages that follow.

The fiscal difficulties facing California ultimately will subside. The question before us is how to make budget decisions in the short term that will preserve

the University's ability to maintain its long-term contributions to California – and put us in the strongest possible position as our state emerges from the current fiscal challenges. I believe the University of California can play a key role in helping California through this difficult period, and I look forward to working with State leaders to preserve and enhance our contributions to this great state.

Robert C. Dynes, President  
November 2003