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California State Senate

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Honorable Alyson Huber, Chair
Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95814

Dear Assemblymember Huber,

I respectfully request the Joint Legislative Audit Committee to approve a comprehensive audit of the University of California.

The University of California is a public, state-supported land grant institution with a mission to teach, conduct research and public service. UC has governing principles of maintaining access, affordability and the highest levels of quality in instruction, research, public service and health care.

The Governor in his 2010 State of the State and 2010-2011 Budget affirmed the importance of higher education and increased funding for the UC and CSU systems along with a pledge that their funding would not dip below the level of prison funding.

However, the State's per-student funding to UC has steadily decreased over the past decades and given the current budget deficit the state faces it is unlikely that state funding to UC will return to past levels. UC has responded by raising student fees, which is seen to threaten the core mission of access and affordability for Californians.

The University of California has the unusual status as a constitutionally designated public trust – a designation shared by only five other major public universities in the country. However, the UC is a public institution that is integral to the growth, innovation and future of California. As UC contemplates fundamentally restructuring, the Legislature and the taxpayers of California should have access to the same information as UC to be able to participate in that conversation as well.

Therefore, given the current situation at UC, an audit of UC's funding streams, distribution and use of resources and system-wide compensation would provide the transparency, reliable data and recommendations to help legislators weigh in as UC begins discussing fundamental structural changes.

I understand that such a request is daunting considering the complexity of the UC system and ten campuses, therefore this request should focus on information that is centrally contained within the UC Office of the President (UCOP) to the extent possible.

1. **Public Funds:** What are the major public sources of funding for UC? This includes money awarded by the Federal government for the administration of grants. How much of the public funding is restricted in use by the funder? How does UC define "restricted" funds internally? How does UC expend the indirect cost money that it receives for the administration of grants from the federal government? How is public money tracked and allocated? How are escalator increases in grants spent if employee salaries are frozen?
2. **Expenditures of State Funds and Student Fees:** How does the UC spend student fees and funds from the state? What is UC's method for tracking and adjusting non-salary expenditures and expenditure categories (such as travel, consultants, entertainment, general supplies, etc)? What is UC's method for tracking per-student expenditures for instruction? As an annual average, how much does UC spend per undergraduate student on instruction—excluding graduate instruction and research costs?
3. **Auxiliaries:** What is UC's definition of an auxiliary? How many auxiliaries exist in the UC system? How are auxiliary revenues being used and coded by UC? What firewalls exist to ensure no state funds are used to backfill, supplement or guarantee projects or programs authorized by auxiliary organizations?

Thank you for your time and consideration on this important request. If you have any questions, please contact my staff, Nicolina Hernández at (916) 651-4008 or Nicolina.Hernandez@sen.ca.gov.

Sincerely,



Senator Leland Y. Yee, Ph.D.
Assistant President pro Tempore
California State Senate
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