



GOVERNOR ARNOLD SCHWARZENEGGER

January 22, 2008

Mr. Richard C. Blum  
Chairman  
University of California Board of Regents  
1111 Franklin Street  
12<sup>th</sup> Floor  
Oakland, California 94607-5200

Dear Chairman Blum,

I very much appreciated your comments at the UC Board of Regents meeting last week noting that, while the University of California is facing a significant reduction in funding as a result of our difficult budget situation, the solution is not necessarily to limit enrollment. I am particularly grateful to know that you are committed to first looking at ways to reduce administrative and operational expenses within UC before resorting to additional fee increases or limits on enrollment.

The subprime mortgage crisis and housing slump have hit people in California hard, as demonstrated by the most recent unemployment figures. While other sectors of California's economy remain strong, creating more than 15,000 new jobs last month, the housing, financial services and construction sectors are bearing the full brunt of this economic disruption. This has negatively impacted nearly all revenues to state government, from sales taxes to personal income, which, in turn, reduces the funds available to the university system and other important programs.

While this current downturn makes for difficult times financially for the State of California, we are hard at work exploring creative approaches to our situation. As such, I was delighted to hear that last year the University of California embarked upon a program to become more "strategically dynamic," part of which involves making UC operate more efficiently.

This is exactly the kind of innovative thinking we need for the University of California and throughout California government. For California to continue to be the great state that it is, we need UC to be competitive on a dynamic world stage. And for UC to be more competitive, it needs to be more efficient. I applaud the University's initiative on this front and look forward to seeing the fruits of those efforts.

I am also quite proud of the way the University of California has partnered with the private sector to advance cutting edge research and innovation. From the California Institutes for Science and Innovation to the Environmental Biosciences Institute, California is leading the world in cutting-edge research on everything from nanotechnology to low-carbon fuels. I hope to expand these kinds of public-private partnerships to rebuild California's critical infrastructure and deliver more cost-effective services to the people of California over the next few years.

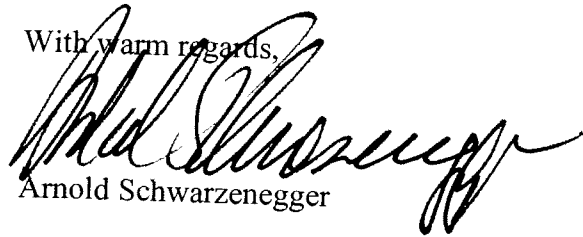


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Thank you for all your hard work. I know this year the budget will be difficult, and I appreciate your efforts to protect California's students and taxpayers while we meet this challenge head on.

I look forward to working with you. Please give my best to California's powerhouse Senator.

With warm regards,

A handwritten signature in black ink, appearing to read "Arnold Schwarzenegger". The signature is fluid and cursive, with a large initial "A" and "S".

Arnold Schwarzenegger