Updated evidence on the economic benefits of a UC degree

Background

In 2021, the University of California issued a report entitled "Fiat Lux: What is the value of a UC degree"[1] with examples of economic and social benefits. With ongoing questions about the value of a college degree, this brief provides the latest data on the personal economic benefits of a UC degree, along with other relevant research from the Public Policy Institute of California (PPIC) and published in the Washington Post of a Postsecondary Education Commission using Texas data.

What's new: UC alumni break even on their educational investment six years after enrolling (that's two years after graduating for those who graduate in four years).

How it works: UC simulated a recently published study by the Post Secondary Education Commission in Texas that compared postgraduate earnings to the cost of getting a degree and opportunity cost of foregone wages for high school grads.

After accounting for costs and foregone wages, UC bachelor's degree recipients had cumulative earnings of more than $600k by year 15. Sustained growth in postgraduate earnings and lower student debt are key factors to UC's strong return on investment.

By the numbers:

- Within seven years, UC bachelor's degree recipient median earnings are more than the median earnings of all California bachelor's degree recipients.
- Over a 20-year period, UC bachelor's degree recipients earn over $2M in cumulative earnings, that is $1.23M more than California high school grads and $439K more than California bachelor's degree recipients.
- Most Pell grant recipients surpass their families' earnings within three years – that's two years faster than reported in our 2021 analysis.
- Over 60 percent of UC graduates leave with no debt, with the percent with debt and debt level declining 20 points and $11,500 respectively over the last decade.

The bottom line: A UC degree pays off with higher earnings that grow over time and UC graduates enter the workforce with greater financial flexibility due to no or low debt.

[1] https://www.ucop.edu/institutional-research-academic-planning/_files/value-of-degree-full-report.pdf

1. A UC degree pays for itself quickly and delivers strong long-term returns across all majors.

The Washington Post recently reported on a study[2] by the Postsecondary Education Commission using data from Texas found that college graduates still enjoy a significant wage premium over those without a college degree, but it takes several years to fully materialize. UC Office of the President's Institutional Research & Academic Planning (IRAP) simulated this analysis for UC students.

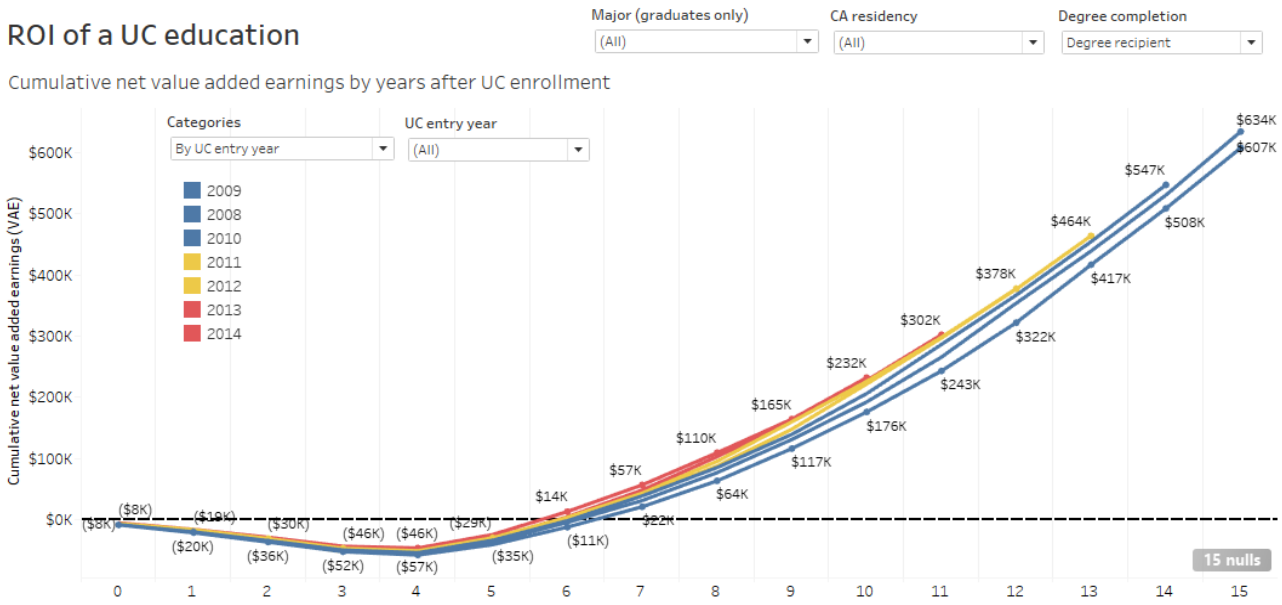
1.1. UC alumni break even on their educational investment six years after enrolling.

In simulating the Postsecondary Education Commission analysis, IRAP compared UC graduates' earnings to out of pocket costs for a UC degree (e.g., tuition, fees, and books net of financial aid) and the opportunity costs of forgone wages of high school graduates in the same age cohort while enrolled and after graduating.

- On average, it takes six years after initially enrolling (compared to after graduating) for UC bachelor's degree recipients to recoup their investment in a UC degree ($70k to $80k for in-state students).
- By year 15, cumulative net value-added earnings for UC bachelor's degree recipients are more than $600K.
- The net value added of a UC degree has increased over time with more recent entering cohorts experiencing more value added than cohorts from 2010 and prior years

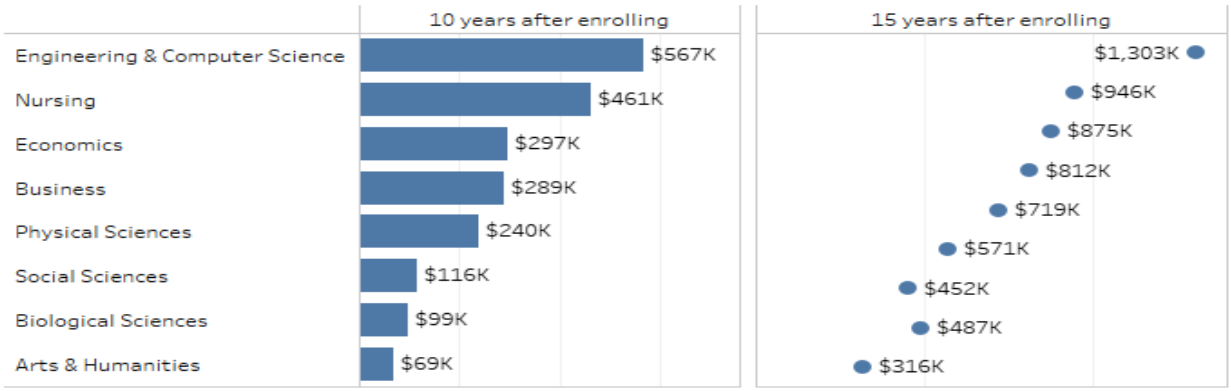
[2] https://www.washingtonpost.com/education/2026/05/14/here-are-undergraduate-programs-that-pay-off-some-that-dont/

Figure 1: Cumulative net value added earnings by years after UC enrollment *Source: California EDD, UC Data Warehouse, American Community Survey data*



The break-even point varies by discipline. Engineering & Computer Science, and Nursing bachelor's degree recipients break even five years after enrolling at UC, Economics, Business, and Social Science by year six, and Arts & Humanities and Biological Science by year eight. Figure 2 also shows the cumulative net earnings by discipline/program ten and fifteen years after initially enrolling at UC, with a range of $316K for Arts & Humanities majors to $1.3M for Engineering & Computer Science majors by year fifteen.

Figure 2: Cumulative net value added earnings 10 and 15 years after enrolling at UC *Source: California EDD, UC Data Warehouse, American Community Survey data.*



Sustained growth in postgraduate earnings coupled with lower student debt are key factors to UC's strong return on investment.

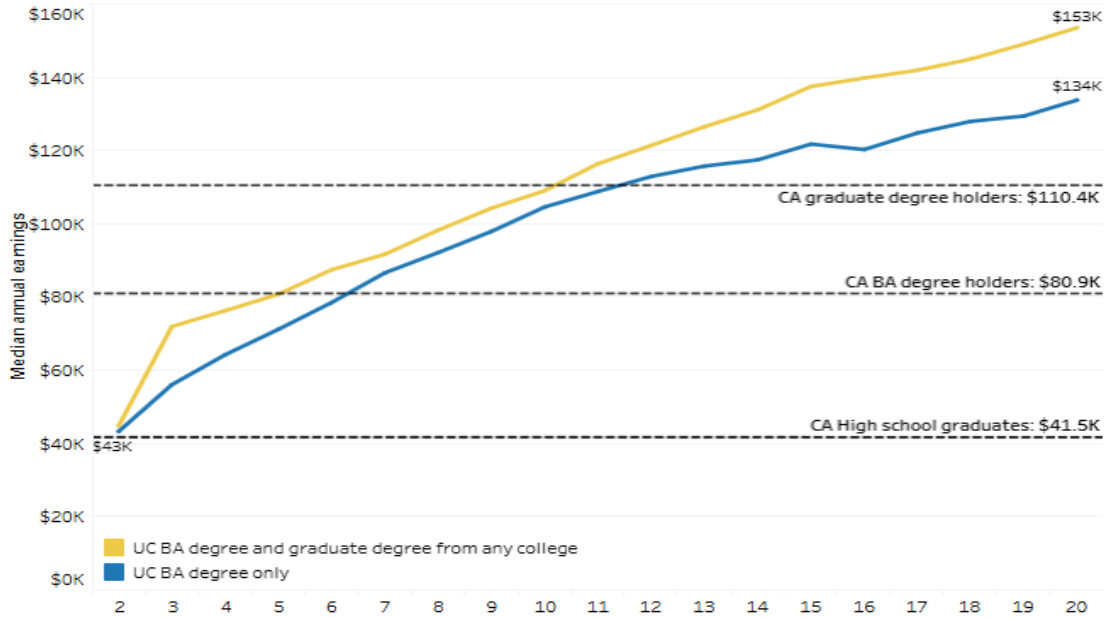
2. A UC degree pays off—with higher earnings that grow over time.

For UC bachelor's degree recipients, median earnings start above high school graduates and grow over time, with greater growth for those who receive a graduate degree.

2.1. Median earnings for UC alumni are greater than the median of other degree holders in California

For UC bachelor's degree recipients, median earnings start above high school graduates and grow over time, with greater growth for those who receive a graduate degree. By year seven, UC bachelor's degree recipients earn over $86,000 in median earnings, greater than median earnings for all California bachelor's degree recipients. By year twelve, earnings for UC bachelor's recipients exceed $113,000, more than median of graduate degree holders in California.

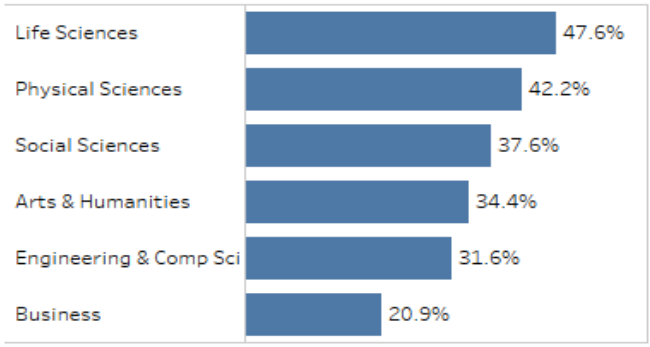
Figure 3. Median annual earnings in California for 2024*. Source: UC Information Center (UC undergraduate alumni outcomes in California dashboard).*



Source: CA EDD for UC graduates. California median sourced from American Community Survey 1-Year Estimates Public Use Microdata Sample 2024. Earners age 25 and older.

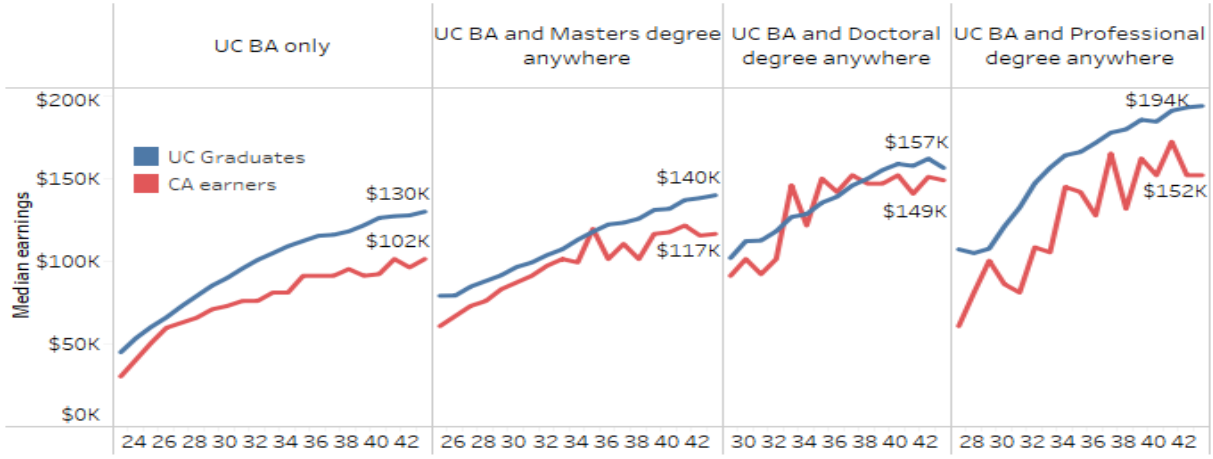
More than a third of UC undergraduates continue their educational journey in completing a range of graduate degrees, serving in critical professions and further propelling their earnings trajectory. Nearly half of UC life science undergraduates go to graduate school and go on to become health science professionals, while graduates in other disciplines eventually become employed as faculty, lawyers, and in other professions that require a graduate degree.

Figure 4: UC BA graduates going on to earn a graduate degree anywhere, by UC major
Source: National Student Clearinghouse



This longer-term return on investment (ROI) bears out in the data with UC graduates significantly outperforming California median earnings at all levels of educational attainment by mid-career age.

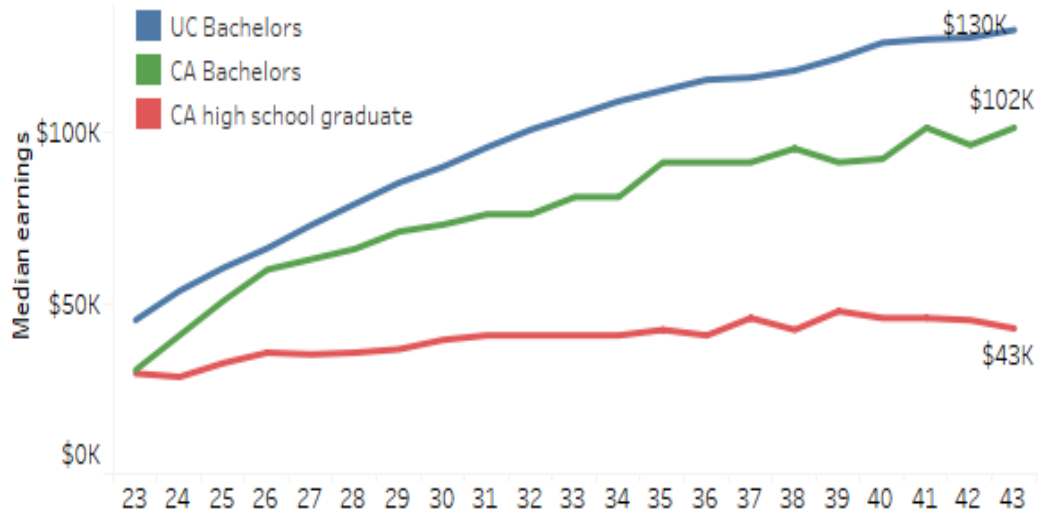
Figure 5: UC Undergraduate postgraduate earnings compared to CA median by age and educational attainment, age 23 to 43



Source: CA EDD for UC graduates in CY2024. California medians sourced from American Community Survey 1-Year Estimates Public Use Microdata Sample 2024.

Over a 20-year period, UC bachelor's degree recipients will earn $2.1 million in cumulative earnings. That is $1.23 million more than California high school graduates and $439 thousand more than California bachelor's degree recipients.

Figure 6: Median earnings of UC UG alumni earnings compared to CA averages by educational attainment and age 23 to 43. Dollars in thousands.

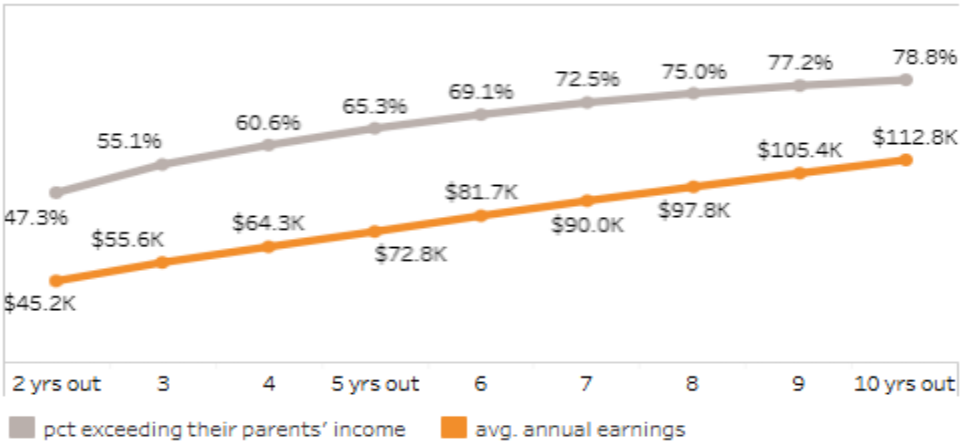


Source: CA EDD for UC graduates in CY2024. California medians sourced from American Community Survey 1-Year Estimates Public Use Microdata Sample 2024.

2.2. UC accelerates upward mobility with lower-income graduates quickly out-earning their families, sooner than prior graduates.

More than one-third of UC undergraduates are low-income students who achieve meaningful economic mobility shortly after graduation. Most Pell Grant recipients surpass their families' earnings within three years—two years faster than reported in our 2021 analysis. Their earnings continue to rise substantially over time, doubling between two and eight years after graduation and demonstrating the long-term economic value of a UC degree.

Figure 7: Annual average earnings and percent of Pell graduates earning more than their parents after graduation *Source: CA EDD and UC Data Warehouse.*



2.3. *UC continues to be an engine of economic mobility, with earnings doubling overall and across most majors between two and ten years after graduation*

While earnings are an important consideration, they are not the primary factor students cite when choosing a major. Across disciplines, intellectual curiosity is the most common reason students select their field of study. Preparing for a fulfilling career rank second for most graduating seniors. Engineering and Computer Science majors are the exception, with the prospect of a high-paying job ranking just above career fulfillment as a motivating factor.

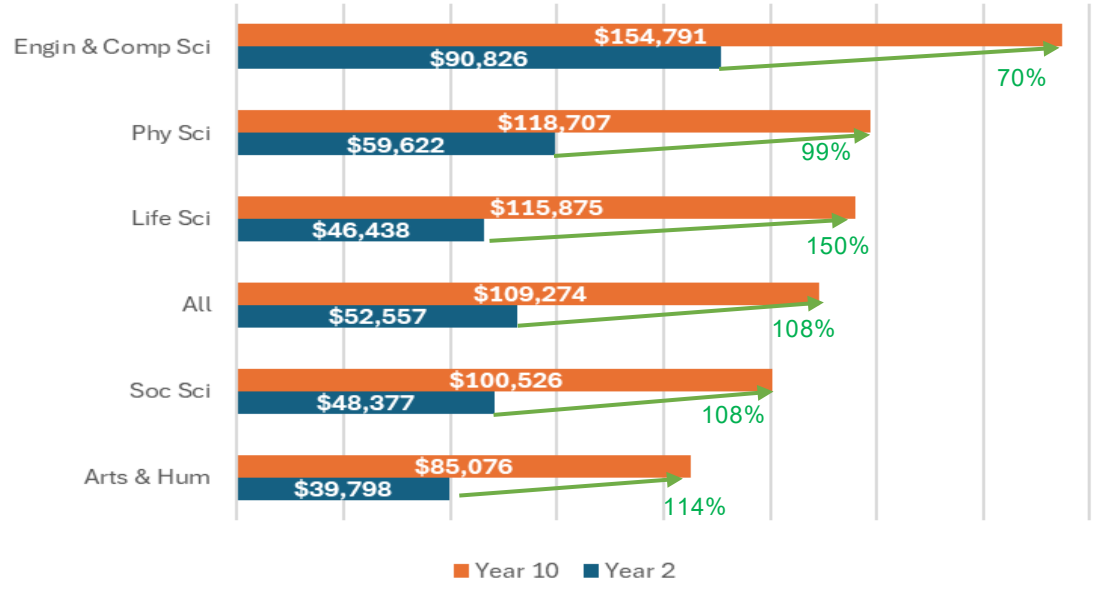
Table 1: Percent of seniors reporting primary reason for selecting a major[3] *Source: Spring 2024 UC Undergraduate Experience Survey (UCUES).*

	All	Arts & Hum	Soc Sci	Life Sci	Eng & Comp Sci	Phy Sci
Intellectual curiosity	82%	87%	82%	83%	82%	85%
Prepare for fulfilling career	74%	69%	68%	79%	78%	68%
Lead to high paying job	52%	21%	40%	50%	81%	56%

[3] https://www.universityofcalifornia.edu/about-us/information-center/university-california-undergraduate-experience-survey-ucues-data-tables-2024

While earnings vary across fields of study, UC graduates experience economic mobility across all disciplines. Earnings for Engineering and Computer Science graduates tend to start high and continue to grow throughout their careers. In other fields, earnings typically double within ten years of graduation, reflecting both the returns to graduate education for those entering professions that require advanced degrees and the career progression that occurs as graduates gain experience and advance within their fields.

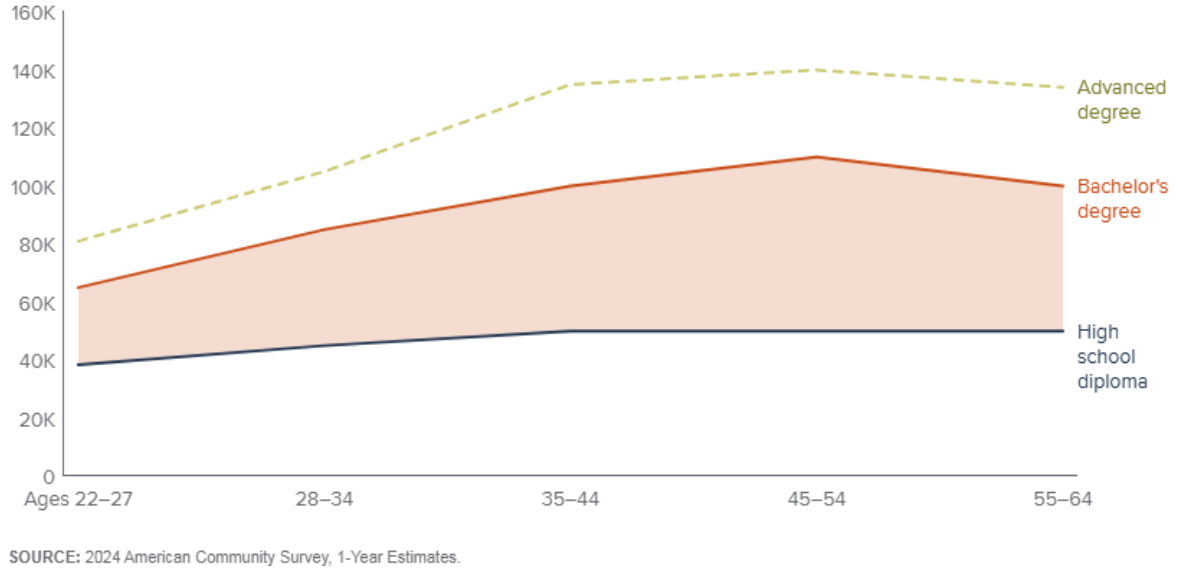
Figure 8. Median earnings for UC undergraduates two and ten years after graduation, overall and by discipline with percentage growth[4] *Source: California EDD*



Much like the UC findings, PPIC reported that the value of a college degree continues to grow over time, with the earnings gap between high school and college graduates nearly doubling from 69 percent to 120 percent. PPIC acknowledged challenges some graduates face transitioning to the labor market, with some facing underemployment before landing in occupations with more opportunity for wage growth but concluded “the vast majority of college graduates in our state (78 percent) see a positive return on investment within ten years of graduation—and virtually all do so over the course of their careers.”

[4] https://www.universityofcalifornia.edu/about-us/information-center/uc-alumni-work

***Figure 9. Median annual wage and salary income by age group**. Source: PPIC explainer, April 2026*



SOURCE: 2024 American Community Survey, 1-Year Estimates.

PPIC also noted differential earnings by discipline, stating "the large gaps in earnings between graduates with quantitative versus liberal arts degrees are driven partially by differences in early career earnings. As workers gain experience or earn graduate degrees, this wage gap typically narrows."

3. Most UC students graduate debt-free, and for those who borrow, the debt is generally manageable and declining over time.

UC has increased affordability and reduced cost of obtaining a college degree.

3.1. Sixty-three percent of UC undergraduates leave with no debt, with the percentage with debt and debt levels declining over time.

The University of California has taken multiple steps to increase affordability including:

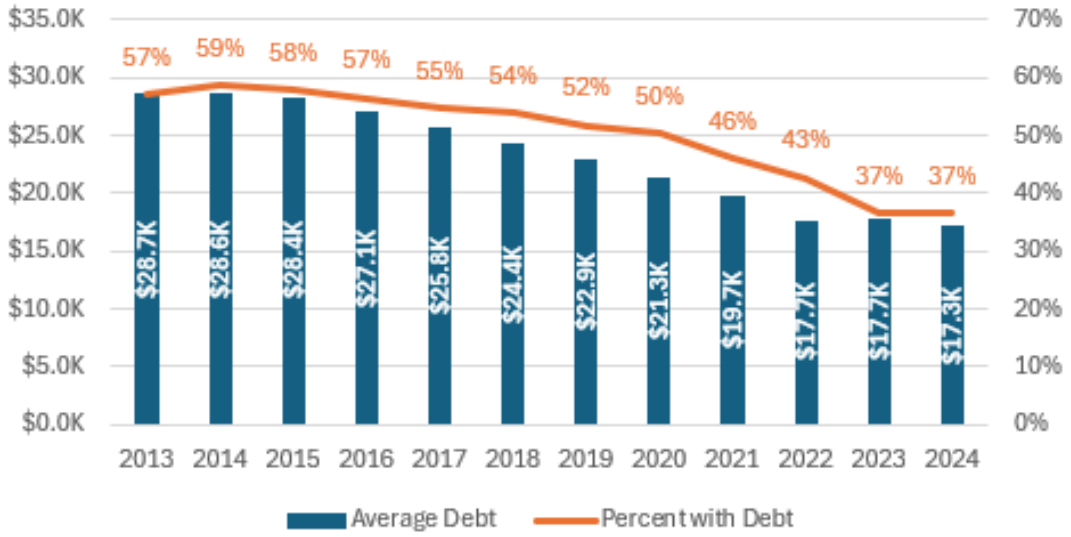
- **Freezing tuition costs:** In Fall 2022, UC implemented the Tuition Stability Plan that locked tuition costs for incoming undergraduates, providing cost predictability for families.[5]

[5] https://admission.universityofcalifornia.edu/tuition-financial-aid/tuition-cost-of-attendance/tuition-stability-plan.html

- **Decreasing other costs of attendance:** UC average textbook costs have decreased from $1,101 in 2013 to $391 in 2025.[6]
- **Expanding financial aid support:** UC institutional aid, state Cal Grant and Middle Class Scholarship support, and federal Pell grants have helped ensure UC is financially accessible and debt-free for a growing number of students.
- **Reducing the time to degree**: Since 2018, 4-year graduation rates are up six points to 74 percent, and 2-year rates are up 10 points to 67 percent[7] helping reduce overall degree costs.

Between 2013 and 2024, the percentage leaving with debt has dropped 20 points and the average amount of debt has also declined by $11,500.

Figure 10. Average in-state student debt levels in thousands ($K) compared to percentage of graduates leaving with debt*. Source: UC Information Center (Undergraduate affordability dashboard).*



3.2. For UC graduates that leave with debt, California earnings data show that debt is manageable.

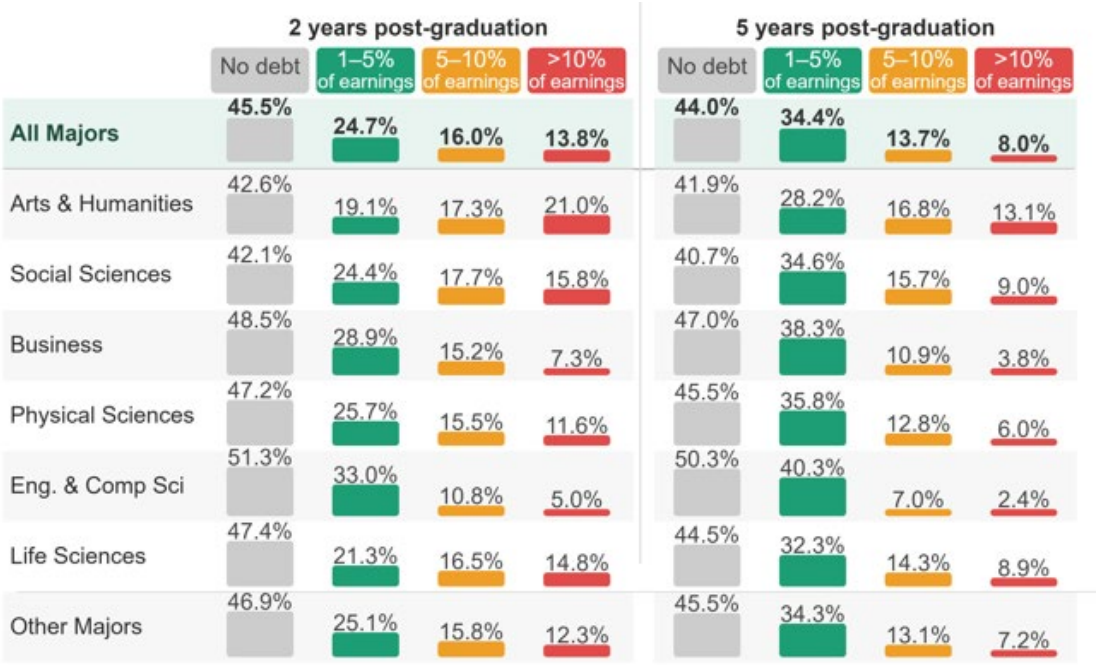
Debt is considered manageable when expected monthly payments amount to less than 10 percent of a person's earnings. For UC graduates that leave with debt, 86 percent of borrowers fall within the manageable range two years after graduation and that

[6] https://ucop.edu/operating-budget/_files/legreports/2526/uc_multi-year_compact_annual_legrpt.pdf

[7] https://www.universityofcalifornia.edu/about-us/information-center/uc-2030-dashboard

percentage increases to 92 percent by year five. While debt manageability varies by major, the share of graduates whose debt payments exceed 10 percent of earnings declines from just under 14 percent at two years to eight percent at five years across all majors, consistent with earnings growth over time.

Figure 11. Debt manageability distribution by field of study – UC systemwide.



Source: UC Corporate Student System and CA Employment Development Department Quarterly Wage Record.

The practical result is that UC graduates enter the workforce with greater financial flexibility. More UC graduates leave college with little, or no student debt compared with their peers, allowing them to pursue a wider range of career opportunities, continue their education, or navigate a challenging labor market without the same financial pressures associated with loan repayment.