

# UNIVERSITY OF CALIFORNIA

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SANTA BARBARA • SANTA CRUZ

1111 Franklin Street  
Oakland, CA 94607-5200  
Phone: (510) 987-9074  
<http://www.ucop.edu>

March 15, 2019

The Honorable Holly J. Mitchell  
Chair, Joint Legislative Budget Committee  
1020 N Street, Room 553  
Sacramento, California 95814

Dear Senator Mitchell:

Pursuant to Section 92675 of the Education Code, enclosed is the University of California's annual report to the Legislature on *Performance Outcome Measures*.

If you have any questions regarding this report, Associate Vice President David Alcocer would be pleased to speak with you. David can be reached by telephone at (510) 987-9113, or by email at [David.Alcocer@ucop.edu](mailto:David.Alcocer@ucop.edu).

Yours very truly,

A handwritten signature in dark ink, appearing to read "Janet Napolitano".

Janet Napolitano  
President

Enclosure

cc: Senate Budget and Fiscal Review  
The Honorable Richard D. Roth, Chair  
Senate Budget and Fiscal Review Subcommittee #1  
(Attn: Ms. Anita Lee)  
(Attn: Mr. Kirk Feely)  
The Honorable Kevin McCarty, Chair  
Assembly Budget Subcommittee #2  
(Attn: Mr. Mark Martin)  
(Attn: Mrs. Katie Sperla)  
Ms. Jennifer Troia, Joint Legislative Budget Committee  
Ms. Erika Contreras, Secretary of the Senate  
Ms. Tina McGee, Legislative Analyst's Office  
Ms. Amy Leach, Office of the Chief Clerk of the Assembly

The Honorable Holly J. Mitchell

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Mr. E. Dotson Wilson, Chief Clerk of the Assembly  
Ms. Keely Bosler, Department of Finance  
Mr. Jeff Bell, Department of Finance  
Mr. Chris Ferguson, Department of Finance  
Mr. Jack Zwald, Department of Finance  
Ms. Rebecca Kirk, Department of Finance  
Ms. Tina McGee, Legislative Analyst's Office  
Ms. Carolyn Chu, Legislative Analyst's Office  
Mr. Jason Constantouros, Legislative Analyst's Office  
Executive Vice President and Provost Michael Brown  
Executive Vice President and Chief Financial Officer Nathan Brostrom  
Senior Vice President Claire Holmes  
Vice President Pamela Brown  
Vice Provost and Chief Outreach Officer Yvette Gullatt  
Associate Vice President David Alcocer  
Associate Vice President and Director Kieran Flaherty  
Associate Vice President Elizabeth Halimah  
Chief of Staff to the Chief Financial Officer Oren Gabriel  
Chief of Staff Governmental Relations Bob Hartnagel  
Manager Jennifer Brice

**University of California  
Report to the California State Legislature  
Performance Outcome Measures**

## Legislative background

California Education Code, Title 3, Division 9, Part 57, Chapter 6, Article 7.7, Section 92675 states<sup>1</sup>:

- a) For purposes of this section, the following terms are defined as follows:
  - 1) The “four-year graduation rate” means the percentage of a cohort of undergraduate students who entered the university as freshmen at any campus and graduated from any campus within four years.
  - 2) The “two-year transfer graduation rate” means the percentage of a cohort of undergraduate students who entered the university at any campus as junior-level transfer students from the California Community Colleges and graduated from any campus within two years.
  - 3) “Low-income student” means an undergraduate student who has an expected family contribution, as defined in subdivision (g) of Section 69432.7, at any time during the student’s matriculation at the institution that would qualify the student to receive a federal Pell Grant. The calculation of a student’s expected family contribution shall be based on the Free Application for Federal Student Aid (FAFSA) application or an application determined by the Student Aid Commission to be equivalent to the FAFSA application submitted by that applicant.
- b) Commencing with the 2013–14 academic year, the University of California shall report, by March 15 of each year, on the following performance measures for the preceding academic year, to inform budget and policy decisions and promote the effective and efficient use of available resources:
  - 1) The number of transfer students enrolled from the California Community Colleges, and the percentage of California Community College transfer students as a proportion of the total number of undergraduate students enrolled.
  - 2) The number of new transfer students enrolled from the California Community Colleges, and the percentage of new California Community College transfer students as a proportion of the total number of new undergraduate students enrolled.
  - 3) The number of low-income students enrolled and the percentage of low-income students as a proportion of the total number of undergraduate students enrolled.
  - 4) The number of new low-income students enrolled and the percentage of new low-income students as a proportion of the total number of new undergraduate students enrolled.
  - 5) The four-year graduation rate for students who entered the university four years prior and, separately, for low-income students in that cohort.
  - 6) The two-year transfer graduation rate for students who entered the university two years prior and, separately, for low-income students in that cohort.
  - 7) The number of degree completions, in total and for the following categories:
    - A) Freshman entrants.
    - B) California Community College transfer students.
    - C) Graduate students.
    - D) Low-income students.
  - 8) The percentage of freshman entrants who have earned sufficient course credits by the end of their first year of enrollment to indicate they will graduate within four years.

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<sup>1</sup> This statutory text was updated by SB 85, which was effective Jun 27, 2017

- 9) The percentage of California Community College transfer students who have earned sufficient course credits by the end of their first year of enrollment to indicate they will graduate within two years.
- 10) For all students, the total amount of funds received from all sources identified in subdivision (c) of Section 92670 for the year, divided by the number of degrees awarded that same year.
- 11) For undergraduate students, the total amount of funds received from the sources identified in subdivision (c) of Section 92670 for the year expended for undergraduate education, divided by the number of undergraduate degrees awarded that same year.
- 12) The average number of University of California course credits and total course credits, including credit accrued at other institutions, accumulated by all undergraduate students who graduated, and separately for freshman entrants and California Community College transfer students.
- 13)
  - A) The number of degree completions in science, technology, engineering, and mathematics (STEM) fields, in total, and separately for undergraduate students, graduate students, and low-income students.
  - B) For purposes of subparagraph (A), “STEM fields” include, but are not necessarily limited to, all of the following: computer and information sciences, engineering and engineering technologies, biological and biomedical sciences, mathematics and statistics, physical sciences, and science technologies.
- c) Commencing with the 2017–18 academic year, the University of California shall include in the report described in subdivision (b) goals for the three academic years immediately following the academic year of the report for each of the performance measures listed under that subdivision.
- d) It is the intent of the Legislature that the appropriate policy and fiscal committees of the Legislature review these performance measures in a collaborative process with the Department of Finance, the Legislative Analyst’s Office, individuals with expertise in statewide accountability efforts, the University of California, the California State University, and, for purposes of data integrity and consistency, the California Community Colleges, and consider any recommendations for their modification and refinement. It is further the intent of the Legislature that any modification or refinement of these measures be guided by the legislative intent expressed in Section 66010.93.

This report responds to the above language. Pursuant to subsection (c), for the first time, this report includes three yearly goals for each performance measure listed in subsection (b). University goals are indicated by dashed box. All years indicate the fall of the academic year (e.g. 2015 indicates the 2015-16 academic year.) The appendix includes data for all graphs included in this report as well as details on how University goals are derived and sources of data.

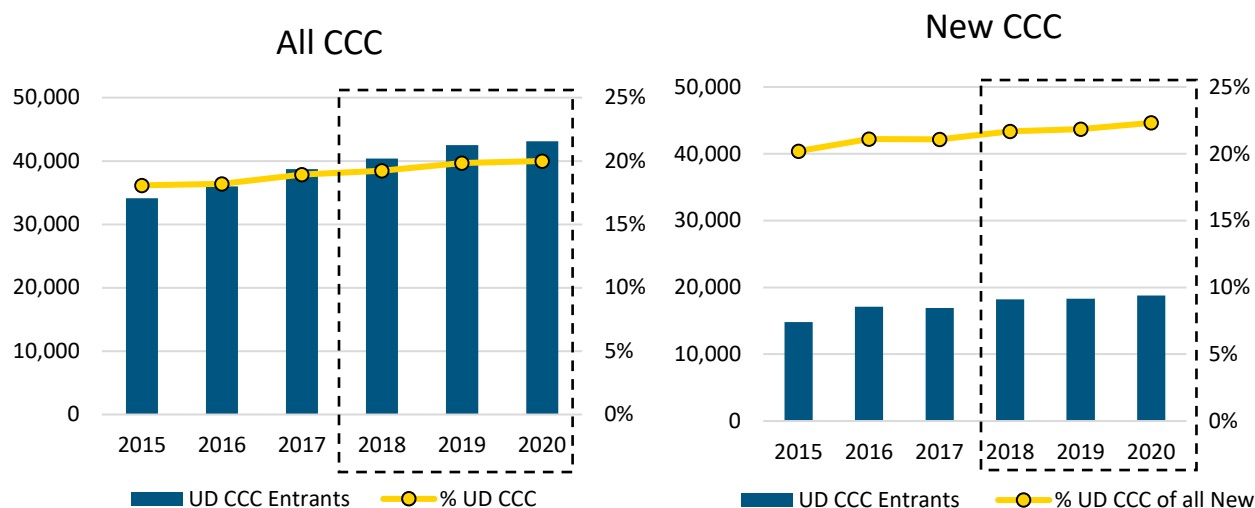
## California Community College Enrollment

This section responds to subsections (b)(1) and (b)(2) of the legislative text cited above.

The number of transfer students enrolling from a California Community College (CCC) campus continues to increase. Universitywide, UC has met its goal of the 2:1 ratio of new freshman to CCC transfers.

The dashed boxes detail University goals required by subsection (c).

Figure 1: Upper division transfer students enrolled from the California Community Colleges



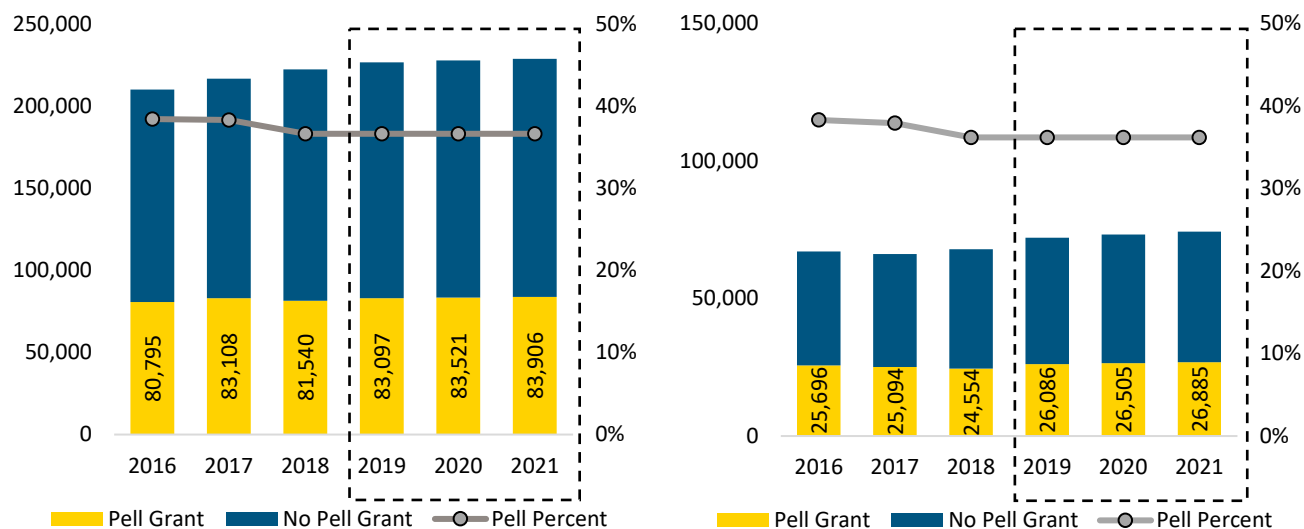
Source: UC Data Warehouse and Budget Analysis and Planning General Campus FTE enrollment estimates. Years indicate the academic year: 2015 is 2015-2016, and so forth.

## Low Income Student Enrollment

This section responds to subsections (b)(3) and (b)(4) of the legislative text cited above.

Students who receive a federal Pell Grant at any point during their enrollment at a UC campus are considered low-income for the purposes of this report. The dashed boxes detail University goals required by subsection (c).

Figure 2: Pell Student enrollment



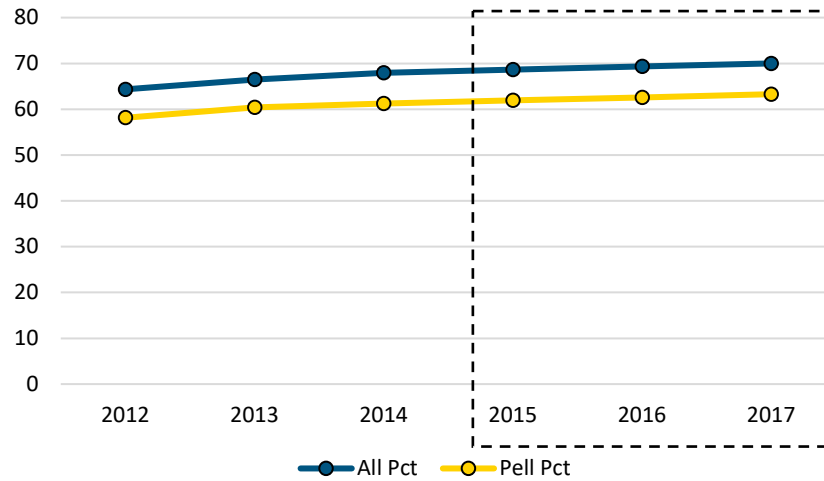
Source: UC Information Center, fall enrollment headcount. Pell status is for the particular fall term.

## Graduation rates

This section responds to subsection (b)(5) and (b)(6) of the legislative text cited above.

The dashed box details University goals required by subsection (c).

*Figure 3: Freshmen four-year graduation rate by entry year*



*Figure 4: All transfer student two-year graduation rate by entry year*

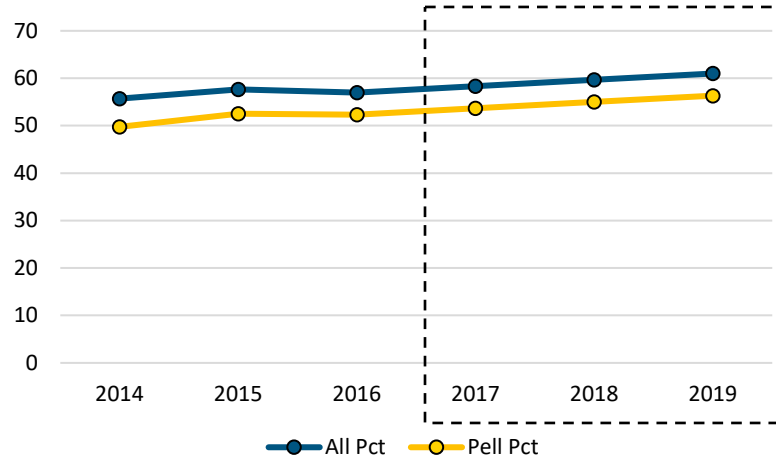
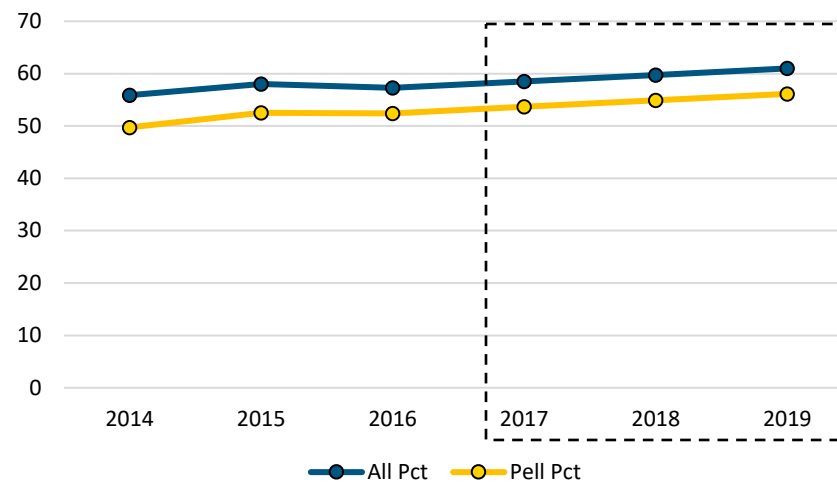


Figure 5: Upper-division CCC transfer student two-year graduation rate by entry year



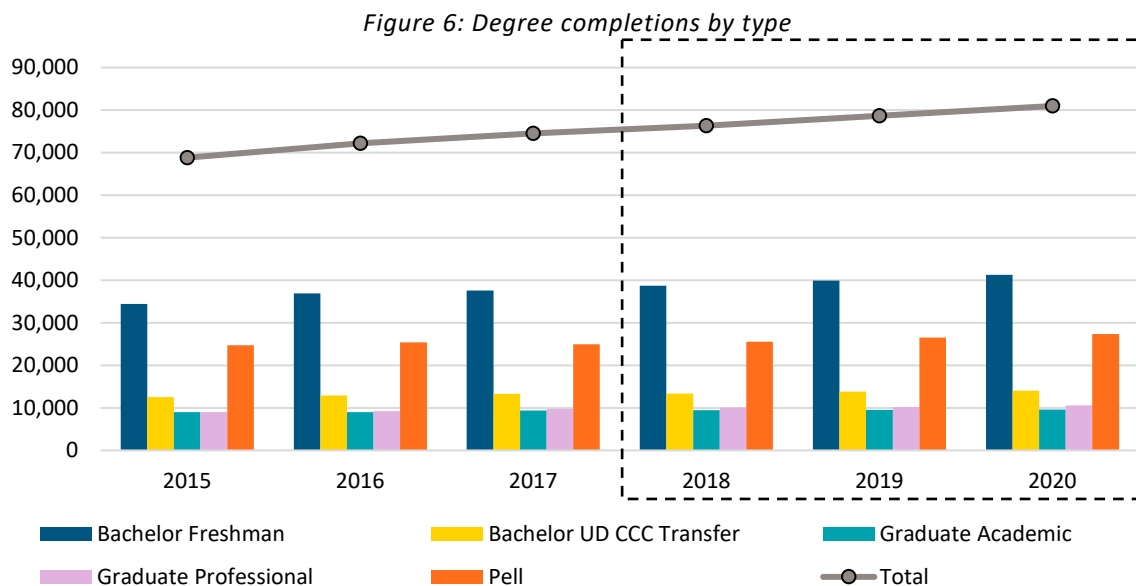
Source: UC Data Warehouse. Pell students are those who received a Pell grant at any time during enrollment.



## Degree completions

This section responds to subsection (b)(7) of the legislative text cited above.

The dashed box details University goals required by subsection (c).



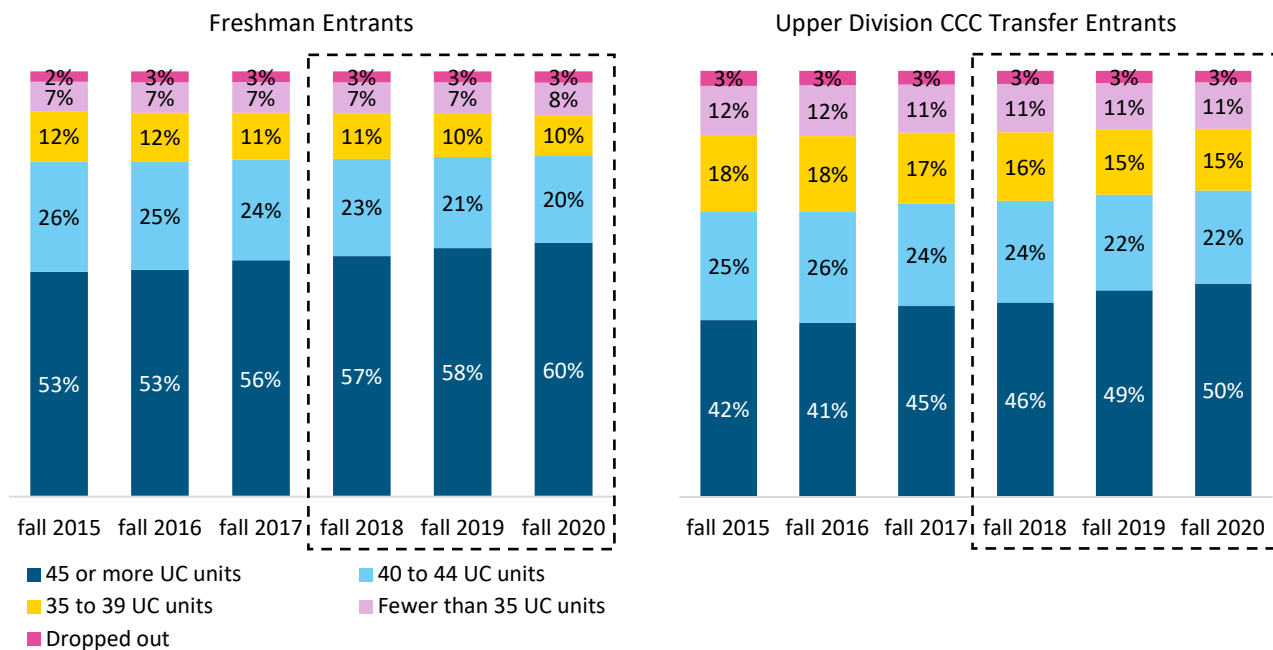
Source: UC Corporate Student System. Freshman and CCC transfer are at the time of entry. Other bachelor's degree entrants are not shown, but included in the total. Pell recipients are those who receive a Pell Grant at any point during their enrollment.

## First-year course credits

This section responds to subsections (b)(8) and (b)(9).

This report assumes that 45 UC quarter credit hours is the minimum a student needs in their first year in order to graduate in four years if entering as a freshman or in two years if entering as a CCC transfer<sup>2</sup>. In fall 2017, 56% of freshmen and 45% of first-year upper-division CCC transfer students reached the 45 quarter credit benchmark. An additional 24% for both groups came very close, earning between 40 and 44 quarter credit hours. The dashed boxes detail University goals required by subsection (c).

Figure 7: First-year course credits earned by entry type



Source: UC Corporate Student System

<sup>2</sup> Most UC undergraduate degree programs require 180 quarter credit hours for graduation. The true number of credit hours needed for four- or two-year graduation will depend on the specific degree program, the number of credits transferred or accepted through AP/IB tests, as well as other individual factors.

## Student funding

This section responds to subsection (b)(10).

*Figure 8: Total expenditures classified as “core funds” and degrees awarded*

Fund	Expenditures				Notes
	2017-18	2018-19	2019-20	2020-21	
State General Fund	\$3,569,900,000	\$3,708,238,000	\$4,029,119,000	\$4,179,119,000	Includes over \$300 million for debt service not available for the operating budget.
Systemwide tuition and fees	\$3,809,194,000	\$3,896,102,000	\$3,959,669,000	\$4,060,332,000	Excludes UNEX, summer session, and “other” fees
Nonresident tuition and fees and other student fees	\$1,203,261,000	\$1,310,213,000	\$1,363,796,000	\$1,419,645,000	Other student fees include admission application fees and other fees
University of California General Funds	\$338,315,000	\$344,279,000	\$341,546,000	\$351,792,000	Includes interest on General Fund balances and the portion of indirect cost recovery and patent royalty income used for core educational purposes
<b>Total</b>	<b>\$8,920,670,000</b>	<b>\$9,258,832,000</b>	<b>\$9,694,130,000</b>	<b>\$10,010,888,000</b>	

**Degrees Awarded, 2017-18** **74,478**

Source: UC Budget Analysis and Planning

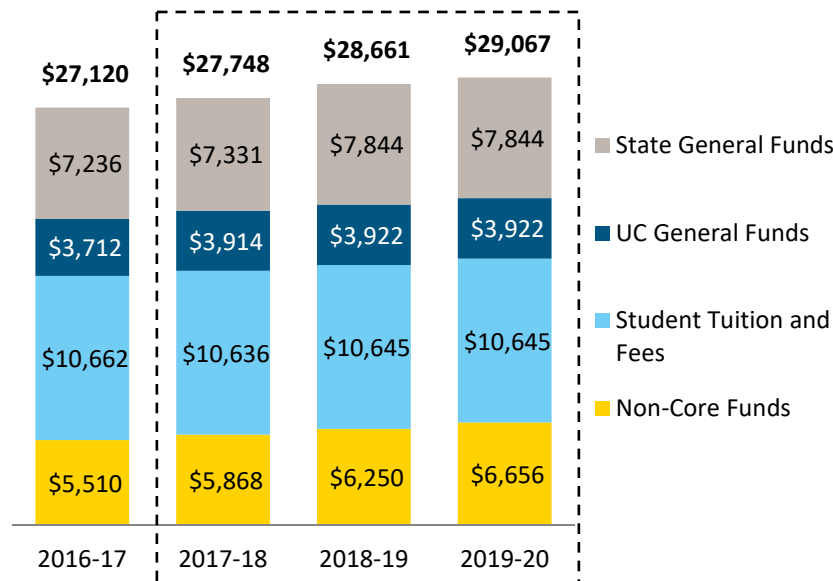
The University does not believe dividing these two numbers produces a meaningful statistic. Dividing total funding by degrees awarded does not convey the true cost of a degree because not all of the funding included in the calculation is associated with instruction. Core funds support the tripartite mission of the University, and include significant funding for non-instructional uses, specifically research and public service. In addition, over \$300 million of core funds were used to cover lease revenue and General Obligation bond debt service in 2017-18 and were not available for the operating budget.

Section 92670 of the Education Code (AB 94) requests the University to conduct a study of expenditures for instruction. The report was submitted in October 2018 and includes a more relevant version of this calculation, which is included on the following page.

## Undergraduates pay less than what UC spends on their education.

This section responds to subsection (b)(11).

Figure 9: Expenditures for undergraduate instruction, NACUBO methodology  
Universitywide, including projections



Source: Expenditures for Instruction Report (<https://www.ucop.edu/operating-budget/budgets-and-reports/legislative-reports/expenditures-for-undergraduate-and-graduateinstruction-9-21-18.pdf>)

For many years, UC has provided Average Expenditures for Instruction to the State that show per student expenditures based on a methodology agreed to by both the State and the University. That calculation shows that expenditures per student were \$25,450 in 1990-91 and by 2017-18, had dropped to \$20,730 per student.

To comply with the level of disaggregation required in AB 94, UC could not rely on the methodology used to compute the Average Expenditures for Instruction and based its approach on the NACUBO Cost of College methodology. UC's Expenditures for Instruction (EFI) report explains the challenges with this request, including:

- Categories requested do not reflect how UC is funded, how it distributes funds received, and how it tracks spending.

- UC is reliant on existing data, which is not available by course or other academic activity, but instead by campus and expenditure type.
- Proxies were required when expenses could not be disaggregated (e.g., STEM)

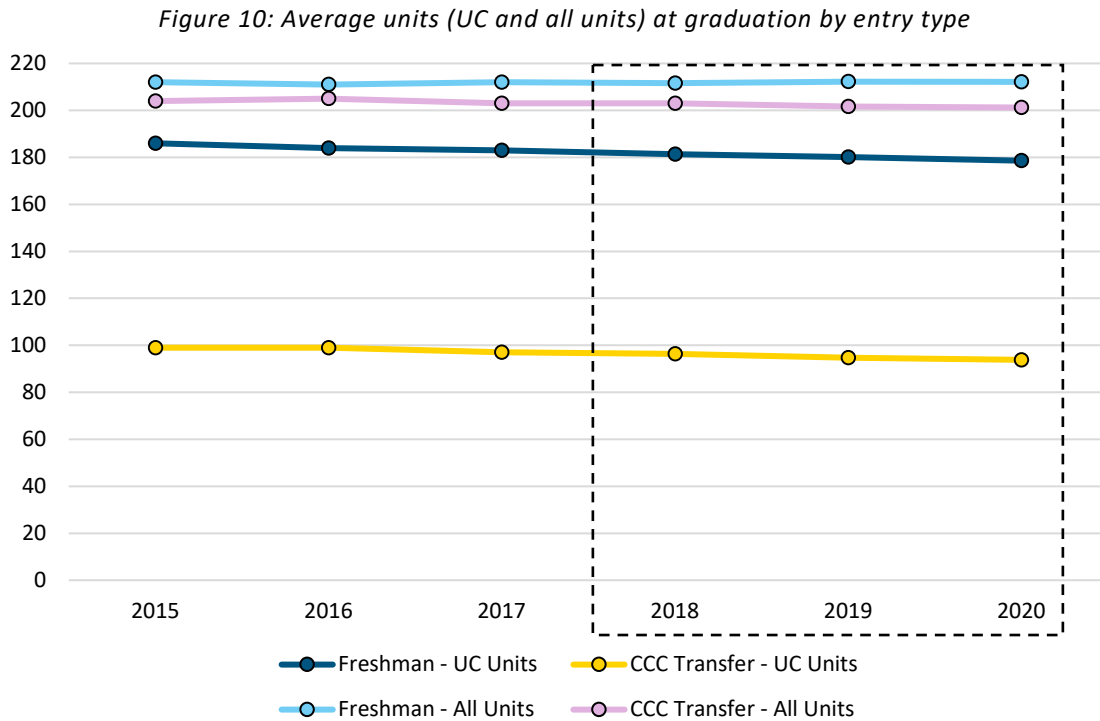
The EFI report demonstrates that undergraduates continue to pay less than what UC spends on their education (\$13,552 in student fees compared to \$27,120 in expenditures).

The EFI report can inform policy discussions, but UC doesn't believe it is a management tool. It also reflects expenditures on instruction, but does not represent the cost of instruction because it does not account for underfunded areas such as faculty salaries, degraded student-faculty ratios, and deferred maintenance. Expenditures in these areas can be reduced or deferred on a short-term basis but require greater funding in future years to avoid seriously damaging the student experience.

## Credits earned at graduation

This section responds to subsection (b)(12).

The normative number of units needed to graduate with a UC degree is 180. The dashed box details University goals required by subsection (c).



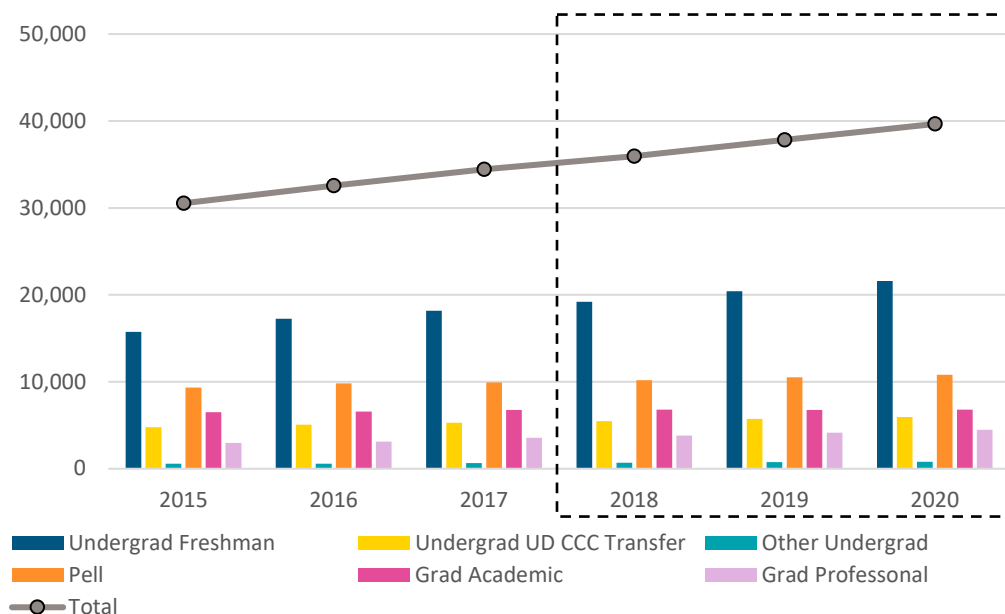
Source: UC Data Warehouse

## Science, technology, engineering and mathematics (STEM) degrees

This section responds to subsection (b)(13).

The dashed box details University goals required by subsection (c).

Figure 11: STEM degrees awarded by type



Source: UC Data Warehouse. Pell recipients are those who receive a Pell Grant at any point during their enrollment. Only undergraduates are eligible for Pell.

## Appendix

(b)(1) The number of transfer students enrolled from the California Community Colleges, and the percentage of California Community College transfer students as a proportion of the total number of undergraduate students enrolled.

(b)(2) The number of new transfer students enrolled from the California Community Colleges, and the percentage of new California Community College transfer students as a proportion of the total number of new undergraduate students enrolled.

	Actual Data			Goal Data (subsection (c))		
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Upper Division CCC Entrants</b>	34,100	36,000	38,700	40,400	42,500	43,100
<b>% upper division CCC</b>	18.1%	18.2%	18.9%	19.2%	19.8%	20.0%
<b>New Upper Division CCC Entrants</b>	14,800	17,100	16,900	18,200	18,300	18,800
<b>% new upper division CCC of all students</b>	7.9%	8.6%	8.3%	8.7%	8.5%	8.8%
<b>% upper division CCC of all new entrants</b>	20.2%	21.1%	21.1%	21.7%	21.9%	22.3%

Source: UC Data Warehouse and Budget Analysis and Planning General Campus FTE enrollment estimates.

(b)(3) The number of low-income students enrolled and the percentage of low-income students as a proportion of the total number of undergraduate students enrolled.

(b)(4) The number of new low-income students enrolled and the percentage of new low-income students as a proportion of the total number of new undergraduate students enrolled.

		Actual Data			Goal Data (subsection (c))		
		Fall 2016	Fall 2017	Fall 2018	Fall 2019	Fall 2020	Fall 2021
All Students	Pell Grant	80,795	83,108	81,540	83,097	83,521	83,906
	No Pell Grant	129,375	133,639	140,940	143,630	144,364	145,030
	Total	210,170	216,747	222,480	226,727	227,885	228,936
	Pell Percent	38.4%	38.3%	36.7%	36.7%	36.7%	36.7%
New Students	Pell Grant	25,696	25,094	24,554	26,086	26,505	26,885
	No Pell Grant	41,400	41,071	43,300	46,002	46,741	47,412
	Total	67,096	66,165	67,854	72,088	73,246	74,297
	Pell Percent	38.3%	37.9%	36.2%	36.2%	36.2%	36.2%

Source: UC Information Center, fall enrollment headcount. Pell status is for the particular fall term.



(b)(5) The four-year graduation rate for students who entered the university four years prior and, separately, for low-income students in that cohort.

(b)(6) The two-year transfer graduation rate for students who entered the university two years prior and, separately, for low-income students in that cohort.

		<b>4 Year Freshman Grad Rate</b>	
	<b>Entry year</b>	All	Pell recipient
<b>Actual Data</b>	2012	64.3	58.1
	2013	66.5	60.4
	2014	67.9	61.2
<b>Goal Data</b>	2015	68.6	61.9
	2016	69.3	62.6
	2017	70.0	63.3

		<b>2 Year All Transfer Grad Rate</b>	
	<b>Entry year</b>	All	Pell recipient
<b>Actual Data</b>	2014	55.7	49.8
	2015	57.7	52.5
	2016	56.9	52.3
<b>Goal Data</b>	2017	58.3	53.6
	2018	59.7	54.9
	2019	61.0	56.3

		<b>2 Year Upper Division CCC Transfer Grad Rate</b>	
	<b>Entry year</b>	All	Pell recipient
<b>Actual Data</b>	2014	55.9	49.7
	2015	57.9	52.5
	2016	57.3	52.4
<b>Goal Data</b>	2017	58.5	53.7
	2018	59.8	54.9
	2019	61.0	56.1

Source: UC Data Warehouse. Pell students are those who received a Pell grant at any time during enrollment.

(b)(7) The number of degree completions, in total and for the following categories: a) Freshman entrants; B) California Community College transfer students; C) Graduate Students; D) Low-income students.

			Bachelor		Graduate		Pell
		Total	Freshman	UD CCC Transfer	Academic	Professional	
Actual	2015	76,306	38,709	13,395	9,011	8,971	24,741
	2016	78,698	39,949	13,824	9,026	9,259	25,397
	2017	80,973	41,261	14,045	9,408	9,744	24,932
Goals	2018	76,306	38,709	13,395	9,454	10,022	25,569
	2019	78,698	39,949	13,824	9,526	10,241	26,514
	2020	80,973	41,261	14,045	9,621	10,554	27,354

Source: UC Data Warehouse. Pell students are those who received a Pell grant at any time during enrollment. Total degree completion includes non-UD CCC transfer students

(b)(8) The percentage of freshman entrants who have earned sufficient course credits by the end of their first year of enrollment to indicate they will graduate within four years.

(b)(9) The percentage of California Community College transfer students who have earned sufficient course credits by the end of their first year of enrollment to indicate they will graduate within two years.

		Actual Data			Goal Data		
		2015	2016	2017	2018	2019	2020
Freshmen	45 or more UC units	53%	53%	56%	57%	58%	60%
	40 to 44 UC units	26%	25%	24%	23%	21%	20%
	35 to 39 UC units	12%	12%	11%	11%	10%	10%
	Fewer than 35 UC units	7%	7%	7%	7%	7%	8%
	Dropped out	2%	3%	3%	3%	3%	3%
UD CCC Transfers	45 or more units	42%	41%	45%	46%	49%	50%
	40 to 44 units	25%	26%	24%	24%	22%	22%
	35 to 39 UC units	18%	18%	17%	16%	15%	15%
	Fewer than 35 units	12%	12%	11%	11%	11%	11%
	Dropped out	3%	3%	3%	3%	3%	3%

Source: UC Data Warehouse.

(b)(12) The average number of University of California course credits and total course credits, including credit accrued at other institutions, accumulated by all undergraduate students who graduated, and separately for freshman entrants and California Community College transfer students.

		Actual Data			Goal Data		
		2015	2016	2017	2018	2019	2020
Freshman - UC Units		186	184	183	181	180	179
UD CCC Transfer - UC Units		99	99	97	96	95	94
Freshman - All Units		212	211	212	212	212	212
UD CCC Transfer - All Units		204	205	203	203	202	201

Source: UC Data Warehouse.

(b)(13) The number of degree completions in science, technology, engineering, and mathematics (STEM) fields, in total, and separately for undergraduate students, graduate students, and low-income students.

		Bachelor				Grad		Total
		Freshman	UD CCC Transfer	Other	Pell	Academic	Professional	
Actual	2015	15,726	4,769	568	9,327	6,515	2,955	30,533
	2016	17,259	5,050	574	9,801	6,591	3,105	32,579
	2017	18,179	5,290	661	9,944	6,751	3,567	34,448
Goals	2018	19,203	5,455	682	10,176	6,790	3,811	35,941
	2019	20,404	5,735	759	10,502	6,763	4,153	37,813
	2020	21,611	5,964	803	10,801	6,808	4,468	39,655

Source: UC Data Warehouse.

**Contact Information:**  
University of California  
Office of the President  
1111 Franklin Street  
Oakland, CA 94607  
<http://www.ucop.edu>