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March 4, 2020


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,

  
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: Ms. Jean-Marie McKinney)  
The Honorable Kevin McCarty, Chair  
Assembly Budget Subcommittee #2  
(Attn: Mr. Mark Martin)  
(Attn: Ms. Carolyn Nealon)

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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  
Mr. E. Dotson Wilson, Chief Clerk of the Assembly  
Mr. Jeff Bell, Department of Finance  
Mr. Chris Ferguson, Department of Finance  
Ms. Rebecca Kirk, Department of Finance  
Mr. Brian Rutledge, Department of Finance  
Mr. Gabriel Petek, Legislative Analyst's Office  
Ms. Jennifer Pacella, Legislative Analyst's Office  
Mr. Jason Constantouros, Legislative Analyst's Office  
Executive Vice President and Provost Michael Brown  
Vice Provost and Chief Outreach Officer Yvette Gullatt  
Vice President Pamela Brown  
Associate Vice President Elizabeth Halimah  
Interim Executive Vice President and Chief Financial Officer Paul Jenny  
Senior Vice President Claire Holmes  
Associate Vice President David Alcocer  
Associate Vice President and Director Kieran Flaherty

**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.

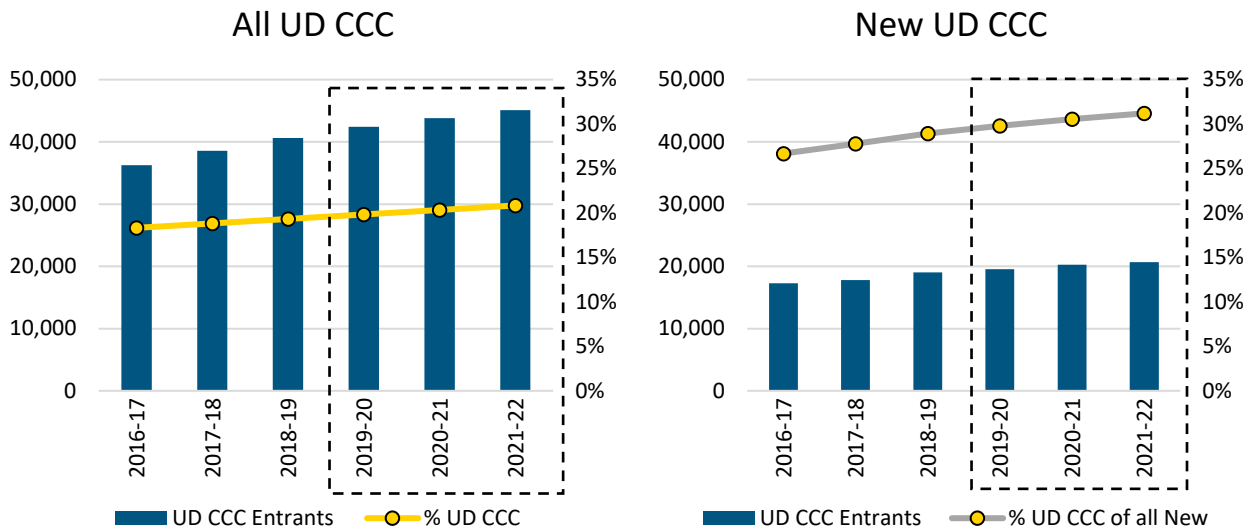
## California Community College Enrollment

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



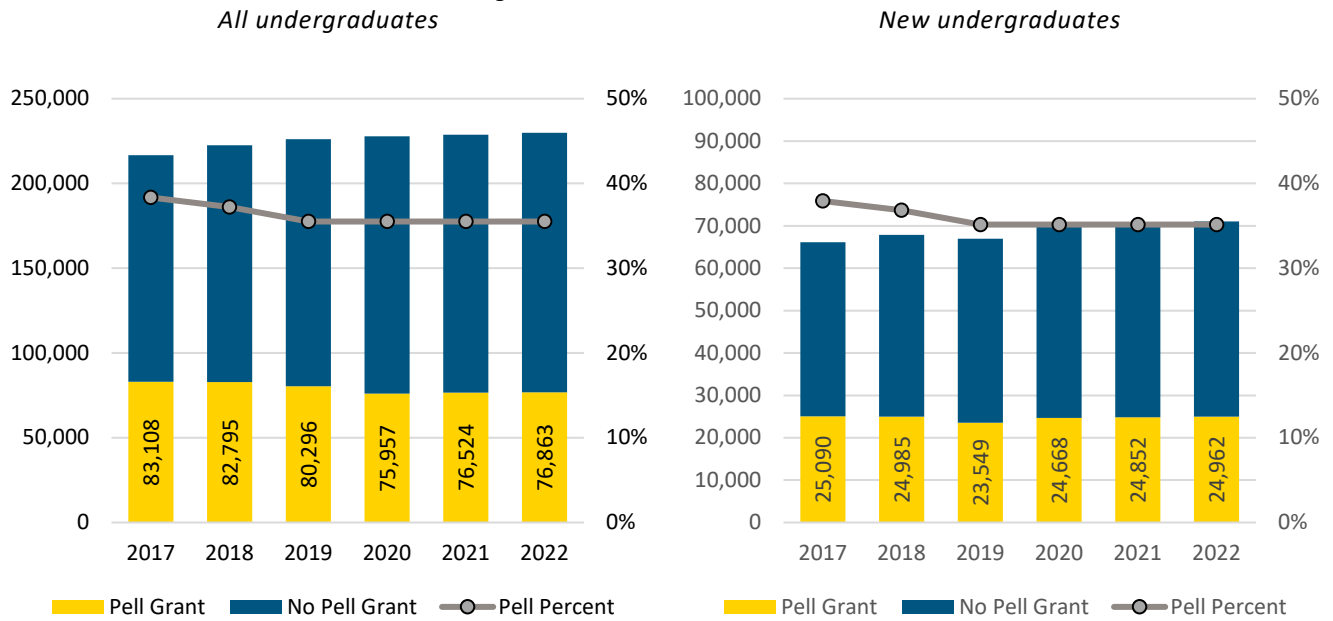
Source: UC Data Warehouse and Budget Analysis and Planning General Campus FTE enrollment estimates. Excludes summer.

## 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 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



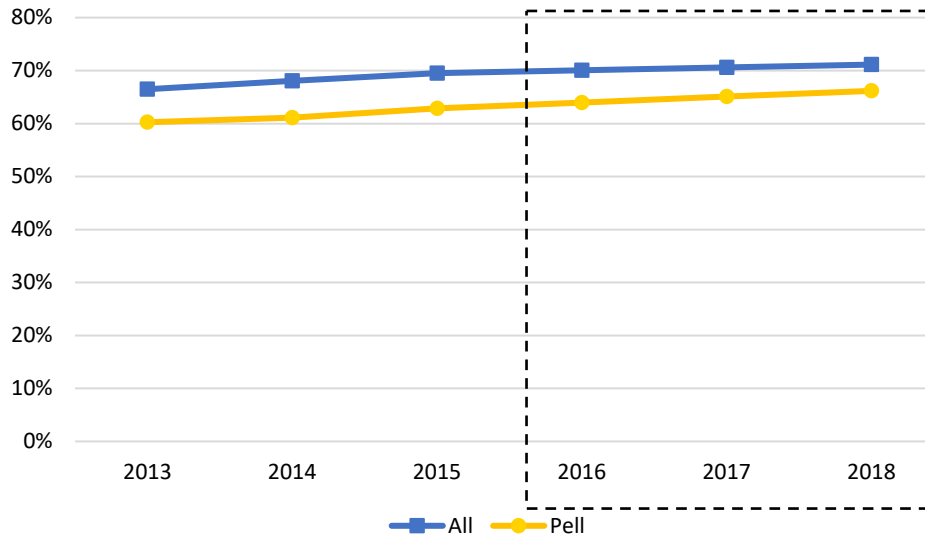
Source: UC Information Center, fall enrollment headcount. Pell status is for the particular fall term.

## 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*

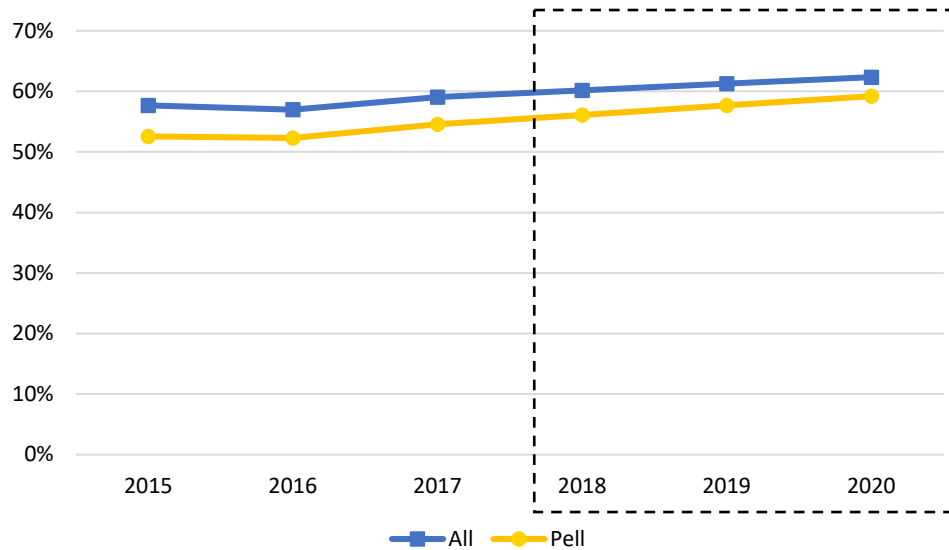
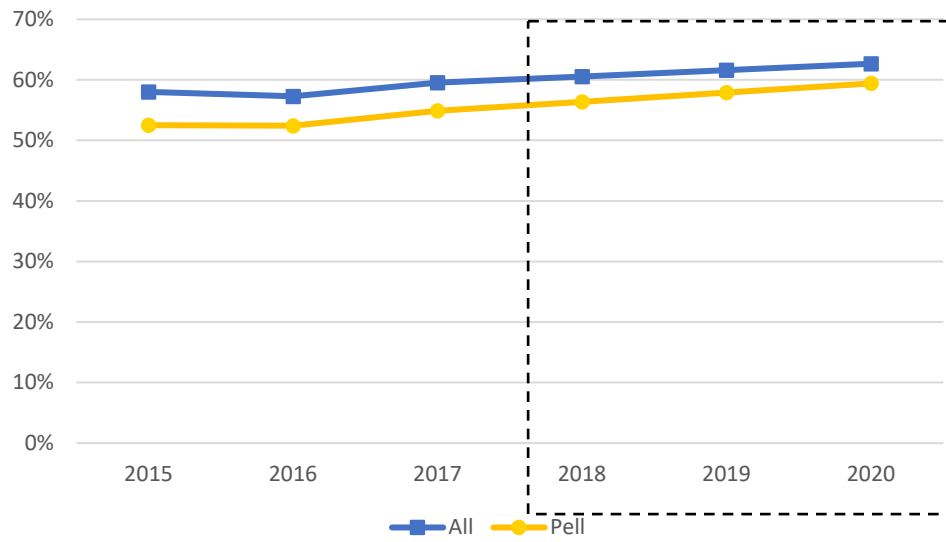


Figure 5: Upper-division CCC transfer student two-year graduation rate by entry year



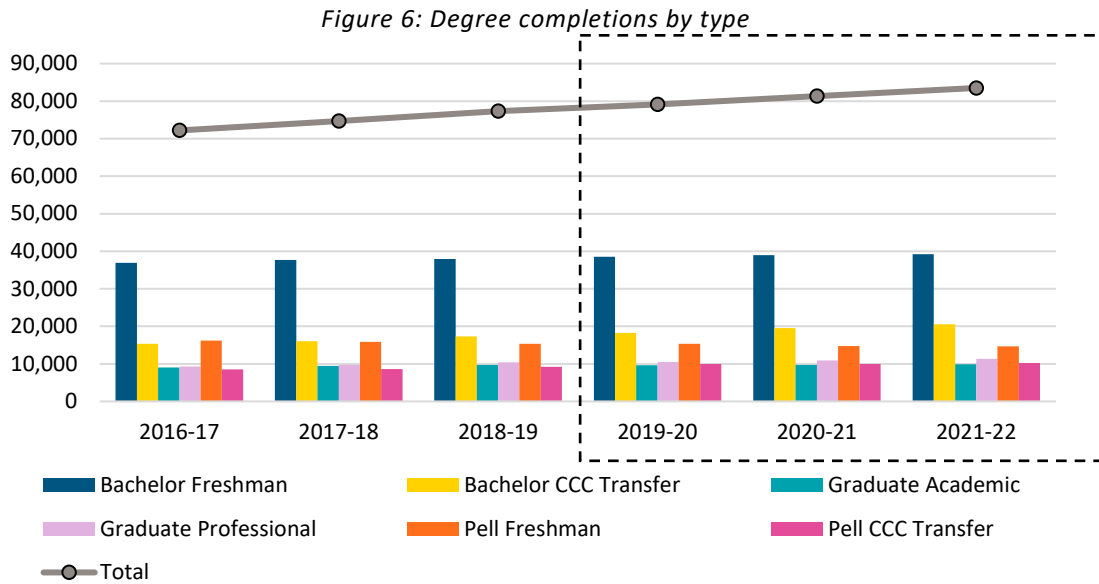
Source: UC Data Warehouse. Pell students are those who received a Pell grant at any time during enrollment.



## 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).



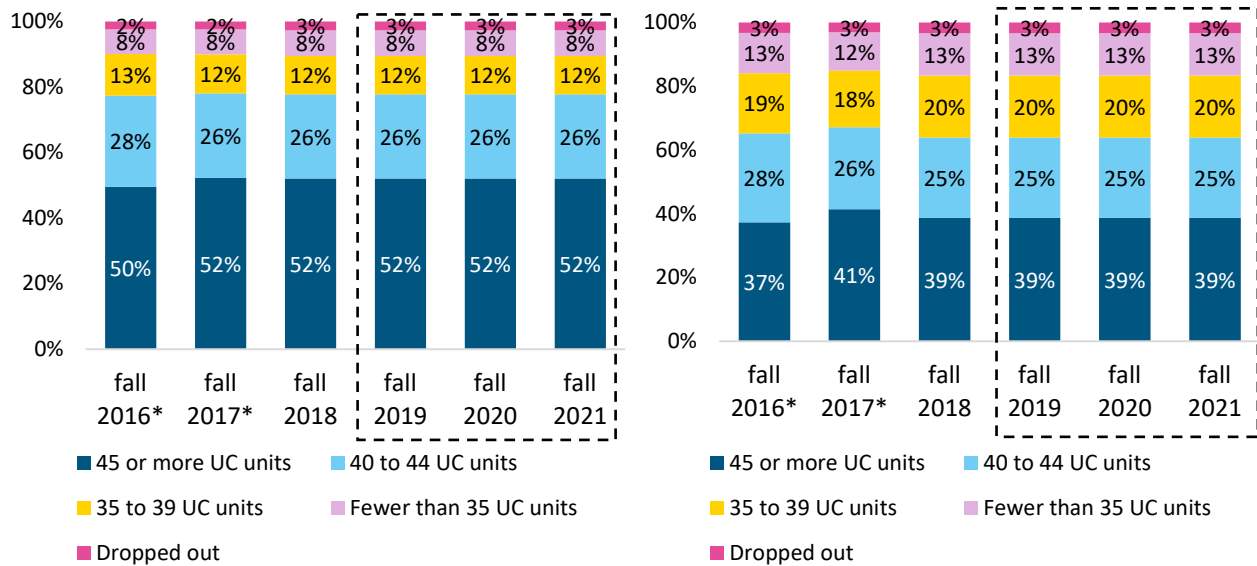
Source: UC Corporate Student System. Freshman and CCC transfer are at the time of entry. Other bachelor's degree entrants are not shown, but included in the total. Pell recipients are those who receive a Pell Grant at any point during their enrollment.

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

Figure 7: First-year course credits earned by entry type  
Freshmen Upper division CCC transfers



Source: UC Corporate Student System

\*Excludes UC Riverside data due to reporting issues

<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
	2018-19	2019-20	2020-21	2021-22	
State General Fund	\$3,743,238,000	\$3,938,204,000	\$3,998,067,000	\$4,118,009,000	Includes over \$300 million for debt service not available for the operating budget.
Systemwide tuition and fees	\$3,677,418,000	\$3,751,430,000	\$3,800,337,000	\$3,914,347,000	Excludes UNEX, summer session, and “other” fees
Nonresident tuition and fees and other student fees	\$1,224,295,000	\$1,315,981,000	\$1,336,819,000	\$1,376,924,000	Other student fees include admission application fees and other fees
University of California General Funds	\$360,988,000	\$348,104,000	\$343,810,000	\$354,124,000	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>\$9,005,939,000</b>	<b>\$9,353,719,000</b>	<b>\$9,479,033,000</b>	<b>\$9,763,404,000</b>	

### Degrees Awarded, 2018-19

**77,301**

Source: UC Budget Analysis and Planning. Degrees awarded excludes credentials and certificates.

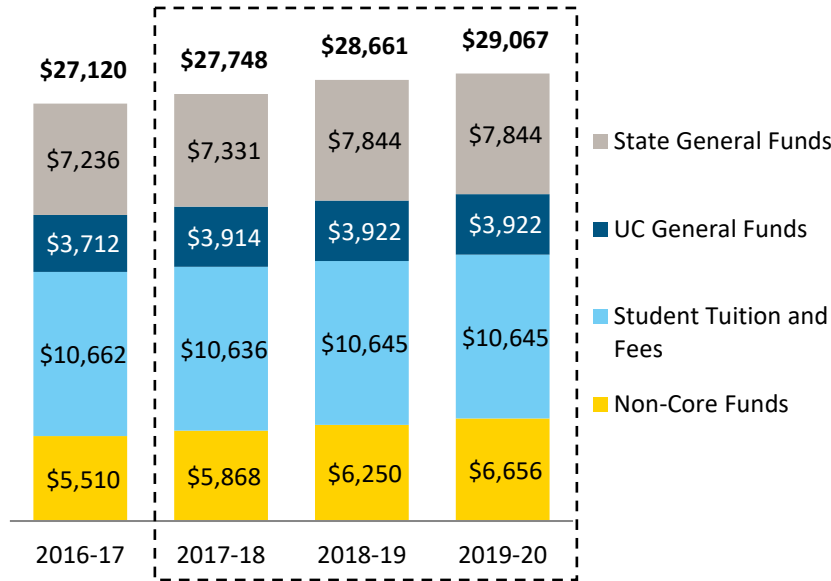
The University does not believe dividing these two numbers produces a meaningful statistic. Dividing total funding by degrees awarded does not convey the true cost of a degree because not all of the funding included in the calculation is associated with instruction. Core funds support the tripartite 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 2018-19 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>) 2016-17 is the most recent data available; this report will be updated in September 2020.

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 \$26,110 in 1990-91 and by 2018-19, had dropped to \$20,670 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)

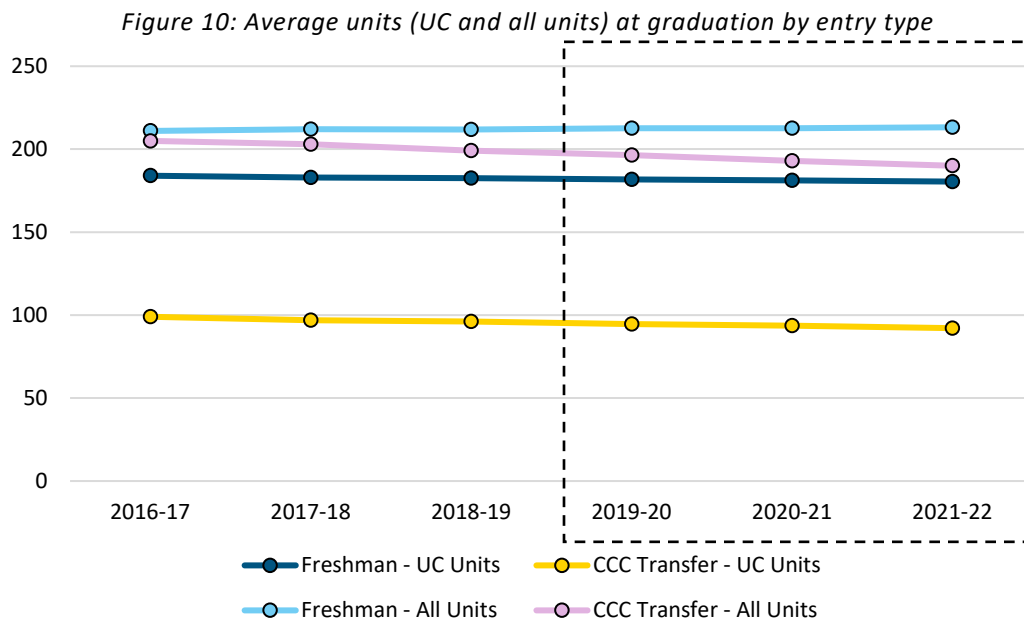
The EFI report demonstrates that undergraduates continue to pay less than what UC spends on their education (\$13,552 in student fees compared to \$27,120 in expenditures).

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).

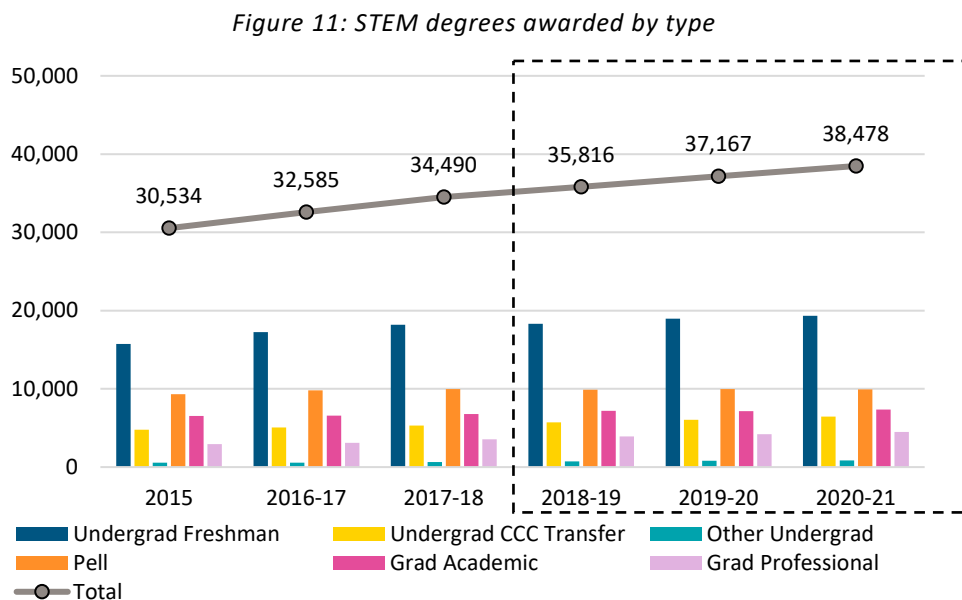


Source: UC Data Warehouse

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

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

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



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))		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Upper Division CCC Entrants</b>	36,200	38,500	40,600	42,400	43,800	45,100
<b>% upper division CCC</b>	18.3%	18.8%	19.3%	19.8%	20.3%	20.8%
<b>New Upper Division CCC Entrants</b>	17,300	17,800	19,000	19,500	20,200	20,700
<b>% upper division CCC of all new entrants</b>	26.7%	27.8%	28.9%	29.8%	30.6%	31.2%

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

(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 Term	2017	2018	2019	2020	2021	2022
<b>All Students</b>	Pell Grant	83,108	82,795	80,296	75,957	76,524	76,863
	No Pell Grant	133,639	139,698	145,829	151,855	152,297	152,967
	Total	216,747	222,493	226,125	227,812	228,821	229,829
	Pell Percent	38.3%	37.2%	35.5%	35.5%	35.5%	35.5%
<b>New Students</b>	Pell Grant	25,090	24,985	23,549	24,668	24,852	24,962
	No Pell Grant	41,057	42,853	43,447	45,511	45,850	46,053
	Total	66,147	67,838	66,996	70,179	70,702	71,015
	Pell Percent	37.9%	36.8%	35.1%	35.1%	35.1%	35.1%

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>	2013	66%	60%
	2014	68%	61%
	2015	70%	63%
<b>Goal Data</b>	2016	70%	64%
	2017	71%	65%
	2018	71%	66%

		<b>2 Year All Transfer Grad Rate</b>	
		<b>Entry year</b>	
		All	Pell recipient
<b>Actual Data</b>	2015	58%	53%
	2016	57%	52%
	2017	59%	55%
<b>Goal Data</b>	2018	60%	56%
	2019	61%	58%
	2020	62%	59%

		<b>2 Year Upper Division CCC Transfer Grad Rate</b>	
		<b>Entry year</b>	
		All	Pell recipient
<b>Actual Data</b>	2015	58%	53%
	2016	57%	52%
	2017	60%	55%
<b>Goal Data</b>	2018	61%	56%
	2019	62%	58%
	2020	63%	59%

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.

		Total	Bachelor		Graduate		Pell
			Freshman	UD CCC Transfer	Academic	Professional	
<b>Actual</b>	2016-17	72,200	36,905	15,361	9,029	9,260	24,806
	2017-18	74,723	37,657	16,075	9,430	9,756	24,410
	2018-19	77,301	37,925	17,302	9,700	10,398	24,614
<b>Goals</b>	2019-20	79,106	38,519	18,258	9,648	10,527	25,337
	2020-21	81,380	38,940	19,513	9,691	10,891	24,758
	2021-22	83,510	39,260	20,542	9,857	11,321	24,875

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		
		2016-17*	2017-18*	2018-19	2019-20	2020-21	2021-22
Freshmen	45 or more UC units	50%	52%	52%	52%	52%	52%
	40 to 44 UC units	28%	26%	26%	26%	26%	26%
	35 to 39 UC units	13%	12%	12%	12%	12%	12%
	Fewer than 35 UC units	8%	8%	8%	8%	8%	8%
	Dropped out	2%	2%	3%	3%	3%	3%
UD CCC	45 or more units	37%	41%	39%	39%	39%	39%
	40 to 44 units	28%	26%	25%	25%	25%	25%
	35 to 39 UC units	19%	18%	20%	20%	20%	20%
	Fewer than 35 units	13%	12%	13%	13%	13%	13%
	Dropped out	3%	3%	3%	3%	3%	3%

Source: UC Data Warehouse. \*Excludes UC Riverside data due to issues with reporting.

(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		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Freshman - UC Units</b>	184	183	183	182	181	180
<b>UD CCC Transfer - UC Units</b>	99	97	96	95	94	92
<b>Freshman - All Units</b>	211	212	212	213	213	213
<b>UD CCC Transfer - All Units</b>	205	203	199	196	193	190

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	2016-17	17,260	5,051	574	9,801	6,594	3,106	32,585
	2017-18	18,197	5,296	664	9,957	6,766	3,567	34,490
	2018-19	18,294	5,708	716	9,883	7,193	3,905	35,816
Goals	2019-20	18,986	6,032	800	9,956	7,149	4,200	37,167
	2020-21	19,319	6,453	869	9,932	7,335	4,503	38,478
	2021-22	19,813	6,799	949	9,910	7,509	4,912	39,982

Source: UC Data Warehouse.

**Contact Information:**  
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