

## AGENDA

### ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Kevin McCarty, Chair

TUESDAY, NOVEMBER 27, 2018  
1:30 PM – ENGINEERING AND SCIENCE BUILDING, ROOM 1001,  
UNIVERSITY OF CALIFORNIA SANTA BARBARA

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### UC CAMPUS BUDGET AND ENROLLMENT ISSUES

#### I. OPENING REMARKS

Assembly Member Kevin McCarty, Chair

Committee Members

#### II. WELCOME TO CAMPUS

Henry T. Yang, Chancellor

#### III. BUDGET, FACILITIES AND CAPITAL OUTLAY

Chuck Haines, Assistant Chancellor, Budget and Planning Office

Martin Shumaker, Executive Director, Budget and Planning Office

#### IV. ENROLLMENT, OUTCOMES AND STUDENT SERVICES

Jeffrey Stopple, Associate Vice Chancellor for Undergraduate Education, Office of Undergraduate Education

Linda Adler-Kassner, Associate Dean, Undergraduate Education; Faculty Director, Center for Innovative Teaching, Research, and Learning (CITRAL)

Lisa Przekop, Director, Office of Admissions

Michael Miller, Assistant Vice Chancellor for Enrollment Services

#### VI. FACULTY AND STUDENT PERSPECTIVES

Henning Bohn, Chair, Academic Senate

Madeline Loudon, External Vice President for Statewide Affairs, Associated Students of UC Santa Barbara

Eddie Chikukwa, Chair, Coalition for a Better UC

#### VI. PUBLIC COMMENT

## **6440 UNIVERSITY OF CALIFORNIA SANTA BARBARA OVERVIEW**

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Created as a manual training school in the 1880s, then renamed Santa Barbara State Teachers College in 1921, the campus first became affiliated with the University of California system in 1944. The campus moved to its current site – a former World War II Marine Air Station Base - in 1954, and officially became UC Santa Barbara in 1958.

UC Santa Barbara now enrolls nearly 26,000 students. UC Santa Barbara offers more than 200 majors and includes 3 colleges – the College of Creative Studies, the College of Engineering, and the College of Letters and Science – and 3 schools – the Bren School of Environmental Science and Management, the Gevertz School of Education, Law, and the Technology Management Program.

This hearing is intended to continue the Subcommittee's work reviewing UC budget, enrollment and student outcomes issues. Whereas most subcommittee hearings review the UC budget as a whole, this hearing will focus on one campus – Santa Barbara. This document includes information regarding revenue, expenditures, enrollment, student outcomes and facilities issues, as well as a brief summary of some student support programs. Listed below are some findings:

- Tuition and fees are the largest source of revenue for the campus, accounting for almost twice as much revenue as state support.
- Both tuition and state support have grown steadily during the past five years, which have been a relatively stable budget period for this campus and UC as a whole. While revenue growth has been stable, however, it has not kept up with enrollment growth and operating costs.
- Undergraduate enrollment has risen in recent years, with the growth coming from community college transfer students and non-residents. Non-residents now comprise about 16% of the undergraduate student body. Graduate student enrollment has remained flat.
- Both faculty and students voice concern about a shortage of classroom and especially lab space, as well as overcrowded classes.
- The ethnicity of the undergraduate student body has changed, with a decrease in white students and significant increases in Asian and Chicano/Latino students. In Fall 2018, 31% of undergraduate students were white, 26% were Chicano/Latino, and 25% were Asian.
- Graduation rates are good, but achievement gaps exist for underrepresented minority students and low-income students.
- The campus has developed several student support programs during the past decade to improve student outcomes and address food and housing insecurity issues among students.

- The campus lists more than \$600 million in deferred maintenance projects and has identified funding to support a new academic building, and a new student housing project.

### UC Santa Barbara Budget

Preliminary budget estimates for 2018-19 indicate UC Santa Barbara will receive about \$1.1 billion in revenue. About 37% of revenue comes from student tuition and fees, with 19% from the state, and another 16% from research contracts and grants. Key expenditures include instruction, research, student support services, financial aid, and auxiliary enterprises such as student housing. The charts below and on the following page offer more specifics.

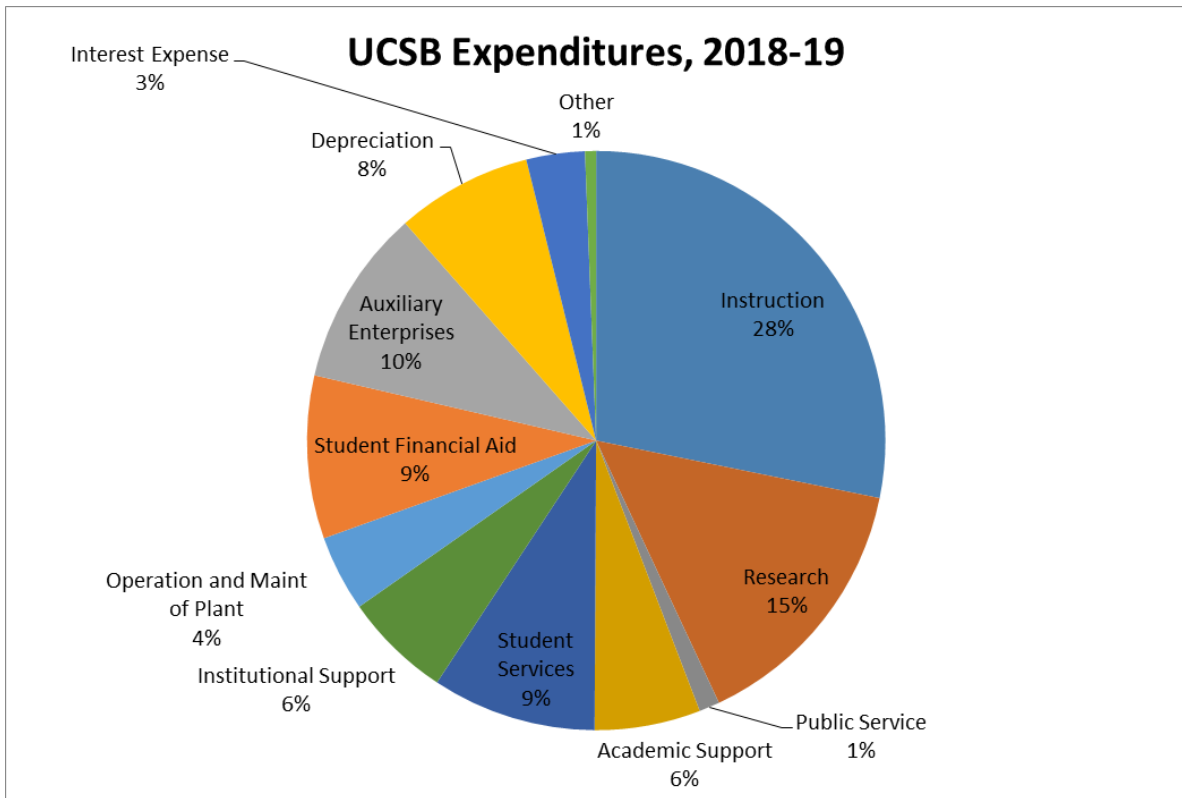
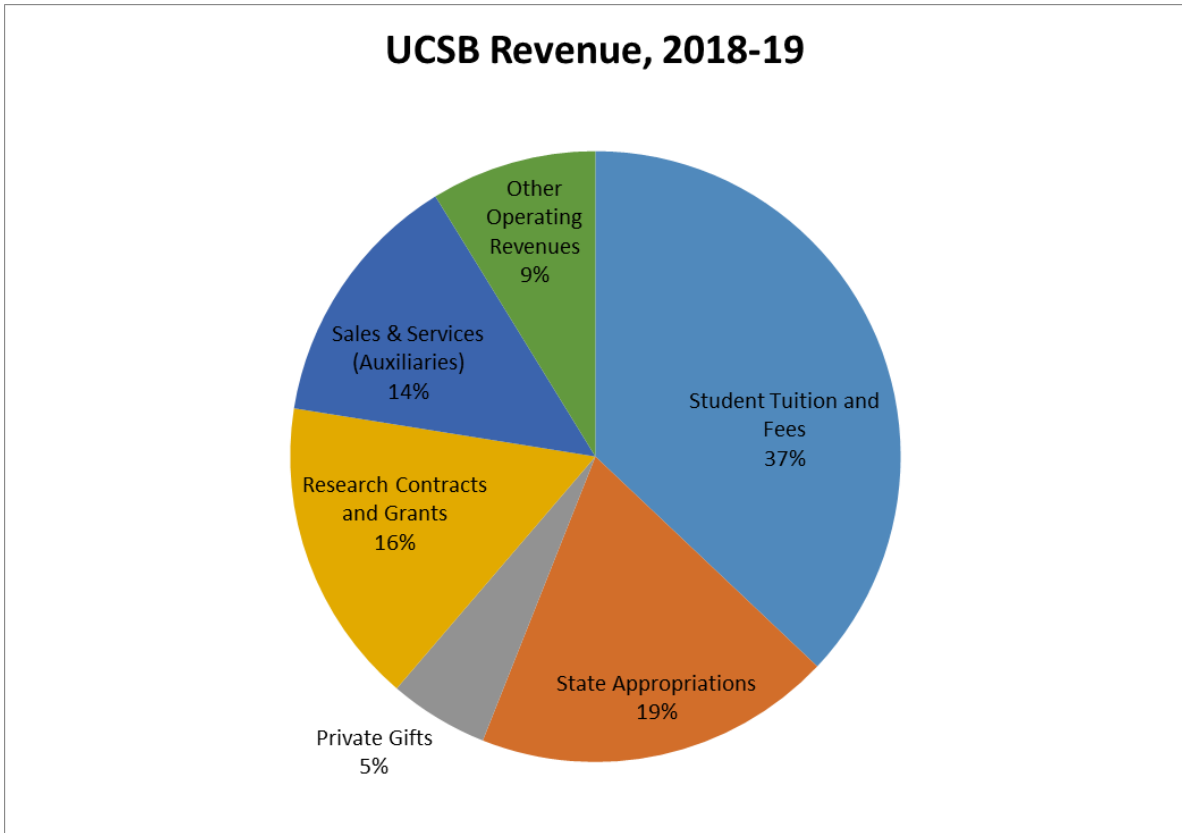
It should be noted that this campus does not include a medical school, which is a significant revenue and expenditure driver for some UC campuses and the system as a whole.

### **UC Santa Barbara Financial Summary 2014-15 - 2018-19**

(\$ in thousands)

	2014-15	2015-16	2016-17	2017-18	2018-19	
<b>Revenues</b>						% Change, 2014-2018
Student Tuition and Fees	\$ 325,013	\$ 343,652	\$ 367,780	\$ 394,182	\$ 422,000	30%
State Appropriations	\$ 178,584	\$ 195,484	\$ 208,800	\$ 204,365	\$ 216,000	21%
Private Gifts	\$ 38,449	\$ 49,375	\$ 48,639	\$ 59,519	\$ 60,000	56%
Research Contracts and Grants	\$ 174,196	\$ 176,598	\$ 181,525	\$ 184,600	\$ 185,000	6%
Sales & Services (Auxiliaries)	\$ 122,727	\$ 136,624	\$ 142,722	\$ 149,546	\$ 156,000	27%
Other Operating Revenues	\$ 87,749	\$ 96,383	\$ 88,188	\$ 99,137	\$ 100,000	14%
<b>Total Revenues</b>	<b>\$ 926,718</b>	<b>\$ 998,116</b>	<b>\$ 1,037,654</b>	<b>\$ 1,091,349</b>	<b>\$ 1,139,000</b>	<b>23%</b>
<b>Expenses</b>						% Change, 2014-2018
Instruction	\$ 259,755	\$ 268,495	\$ 292,260	\$ 303,603	\$ 319,000	23%
Research	\$ 166,080	\$ 169,737	\$ 176,312	\$ 167,369	\$ 168,000	1%
Public Service	\$ 9,326	\$ 10,225	\$ 12,831	\$ 12,945	\$ 13,000	39%
Academic Support	\$ 72,623	\$ 41,055	\$ 61,100	\$ 63,089	\$ 67,000	-8%
Student Services	\$ 84,160	\$ 88,827	\$ 98,802	\$ 99,323	\$ 104,000	24%
Institutional Support	\$ 58,520	\$ 66,101	\$ 76,627	\$ 65,214	\$ 68,000	16%
Operation and Maint of Plant	\$ 42,249	\$ 46,026	\$ 44,727	\$ 45,670	\$ 48,000	14%
Student Financial Aid	\$ 78,302	\$ 81,492	\$ 87,014	\$ 98,065	\$ 103,000	32%
Auxiliary Enterprises	\$ 93,472	\$ 102,533	\$ 104,731	\$ 107,531	\$ 112,000	20%
Depreciation	\$ 73,423	\$ 80,430	\$ 75,129	\$ 85,064	\$ 86,000	17%
Interest Expense	\$ 14,179	\$ 16,112	\$ 19,798	\$ 35,244	\$ 37,000	161%
Other	\$ 10,699	\$ 6,283	\$ 1,096	\$ 6,376	\$ 7,000	-35%
<b>Total Expenses</b>	<b>\$ 962,788</b>	<b>\$ 977,316</b>	<b>\$ 1,050,427</b>	<b>\$ 1,089,493</b>	<b>\$ 1,132,000</b>	<b>18%</b>

*Note: 2018-19 figures are estimates*



Staff reviewed the campus' budget for the five-year period between 2014-15 and 2018-19. The Subcommittee could focus on the following issues during the budget discussion:

**Revenue grew by about 23%, with student tuition providing almost twice as much to the campus as state support.** The five-year period includes stable revenue growth, with student tuition and fees now comprising about 37% of revenue and state funding providing 19% of revenue. Student tuition provides more than \$400 million in revenue, while the state provides about \$200 million.

**Philanthropy increased significantly.** Private gifts increased by more than 50% during this period. Although gifts account for only about 5% of revenue, the campus has clearly devoted energy and effort in fundraising.

**Instruction, academic support, student services and financial aid account for about half of expenditures.** Instruction is the largest expenditure on campus, with research accounting for the second largest expenditure. Student services, academic support and financial aid – all categories that provide direct services to students – are also significant expenditures.

**Expenses for institutional support grew but have been reduced recently.** Institutional support – which consists of administrative costs – grew by 16% during this time period, although the category increased dramatically between 2014-15 and 2016-17, and has been reduced since then. Institutional support is 6% of campus expenditures.

### **UC Santa Barbara Facilities Issues and Long-Range Planning**

The campus includes over 4 million gross square feet of space and more than 260 acres of grounds. Below is information on student housing, deferred maintenance, future capital outlay plans, and a brief summary of the current Long Range Development Plan.

**About 40% of students live in University housing.** Currently, 10,203 students are living in University housing, a 3.9% increase over 2017. The “design capacity” is 8,991, so many students are living in “triples” at reduced rates. Approximately 40% of total enrollment lives in University housing, another 40% live in Isla Vista.

The average annual (9-months) residence hall rate (room and board) is \$15,273. UC Santa Barbara has the 4<sup>th</sup> highest rate among the UC’s.

The average annual (9-months) undergraduate apartment rate is \$6,471, which is 18.4% below the local market. (Note: University housing has 9-month leases, while non-University apartments typically have 12-month leases. As such, the University apartment rates are more than 18.4% below market).

The 2010 Long Range Development Plan stipulates that the University add 5,000 new student beds to support enrollment growth of 5,000. To date, 1,500 beds have been added. The campus is currently evaluating options for the next project.

**More than \$600 million in deferred maintenance.** The campus currently has a deferred maintenance backlog list of 400 projects estimated at \$621 million for facilities eligible for state funding. With limited resources, the campus prioritizes based on life/safety concerns and emergency failures.

**Future capital outlay plans include academic buildings and student housing.** The campus has just submitted a 10-Year Capital Financial Plan (CFP) to the Office of the President. The priority projects planned to be submitted for approval in the next 4 years include:

#### Projects with Identified Funding Sources

- New Classroom Building (\$97M)
- Next Student Housing Project (\$360M)

#### Projects with Funding Sources Not Yet Identified

- New Physics Building (\$157M)
- New Engineering 3 Building (\$157M)
- Public Safety Building Renewal & Expansion (\$20M)
- Music Building Renewal (\$35M)
- Marine Biotech Building Renewal (\$30M)

**Long-Range Plan calls for 1% enrollment growth per year.** The campus' Long-Range Development Plan, which was approved by the UC Board of Regents in 2010 and certified by the California Coastal Commission in 2014, anticipated a growth rate of one percent per year in student enrollment, which mirrors the growth rate of the Santa Barbara region. This projection equals roughly 250 students per year.

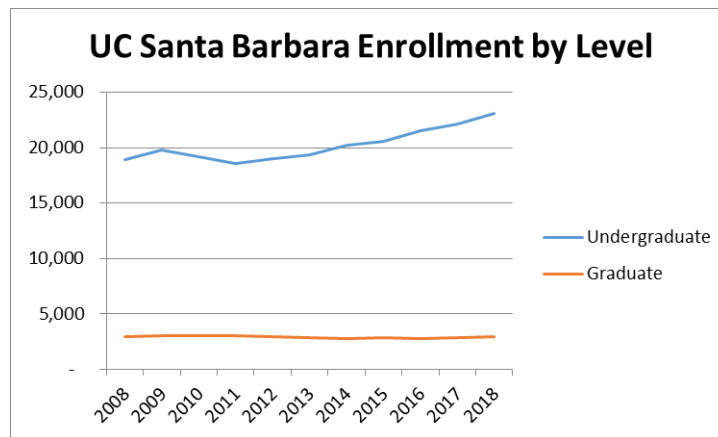
The plan calls for:

- 5,000 additional students
- 1,700 additional faculty and staff
- 3.6 million gross square feet of new building space
- 5,000 new student housing beds
- 1,800 new faculty and staff housing units

#### UC Santa Barbara Enrollment

Preliminary estimates indicate UC Santa Barbara enrolled 25,976 students in Fall 2018. Undergraduates comprise about 89% of the student body, while graduate students are about 11%. The following charts and summary reflect 10-year enrollment trends for the campus.

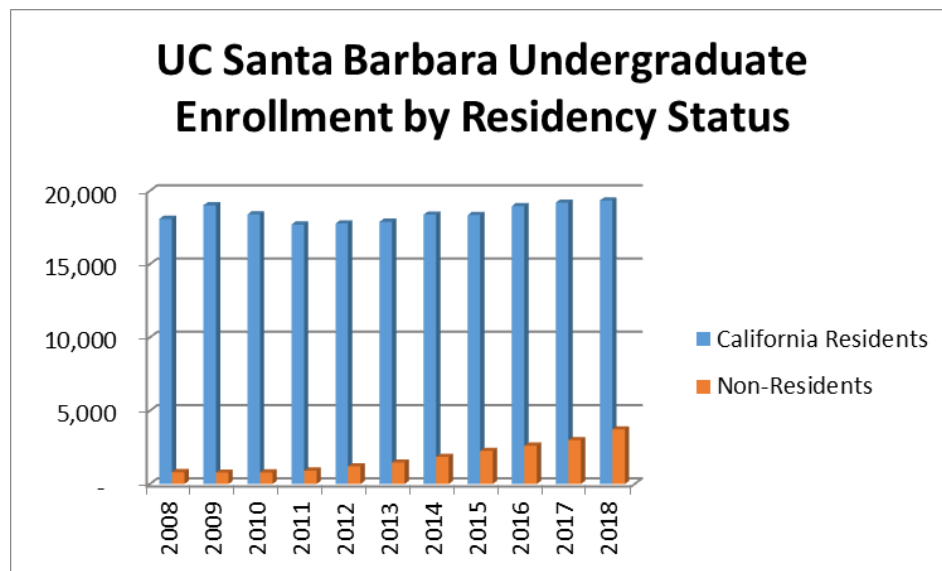
**While undergraduate enrollment has grown, graduate enrollment has remained flat.** Between Fall 2008 and Fall 2018, overall enrollment grew by 19%. Graduate student enrollment slightly decreased during this period; thus all of the growth has occurred at the undergraduate level. Like many UC campus, undergraduate enrollment has grown significantly in the last few years. A key faculty concern is the lack of growth of graduate students, who both teach undergraduate students and work with faculty on research.



**California enrollment has grown. Non-resident enrollment has increased significantly.** Like many UC campuses, UC Santa Barbara has increased non-resident enrollment in recent years. For Fall 2018, 16% of the undergraduate student body is non-resident, up from 9% in 2014. Non-residents pay an additional \$28,992 annually when compared to California students.

California enrollment has grown by 7% - or about 1,300 – during the past 10 years. See charts on the following page.

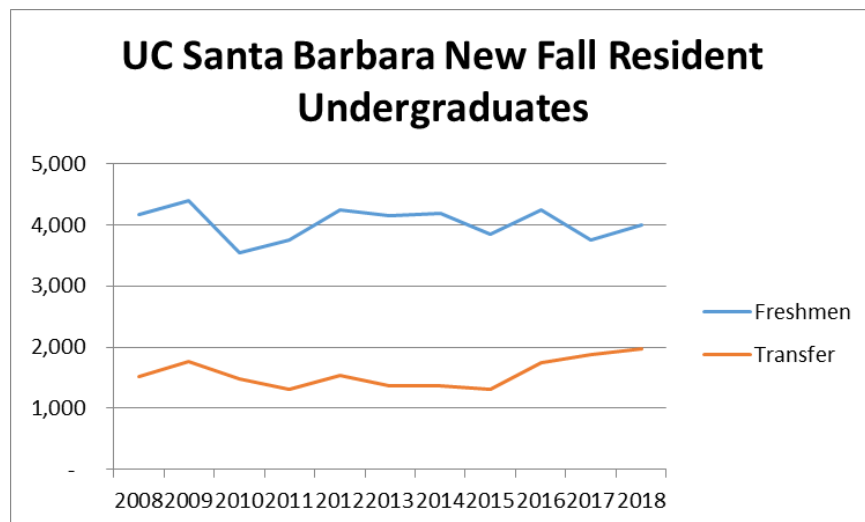
University of California, Santa Barbara				
Fall Quarter Undergraduate Enrollment by Residency				
Year	California Residents	Non-Residents	Total	Percent Non-Resident Enrollment
2008	18,086	806	18,892	4%
2009	19,015	781	19,796	4%
2010	18,396	790	19,186	4%
2011	17,703	917	18,620	5%
2012	17,770	1,207	18,977	6%
2013	17,890	1,472	19,362	8%
2014	18,382	1,856	20,238	9%
2015	18,351	2,256	20,607	11%
2016	18,957	2,617	21,574	12%
2017	19,192	2,994	22,186	13%
2018	19,340	3,730	23,070	16%
<b>% Change</b>	<b>7%</b>	<b>363%</b>	<b>22%</b>	



**Transfer enrollment has increased recently to meet Master Plan direction.** The campus has increased community college transfer enrollment significantly during the past few years to meet the Master Plan enrollment direction for UC, which calls for one new transfer student for every two new freshmen. Overall, transfer enrollment has grown by 30% during the 2008-2018 period. As the chart on the following page indicates, transfer enrollment has driven the recent California undergraduate enrollment growth.

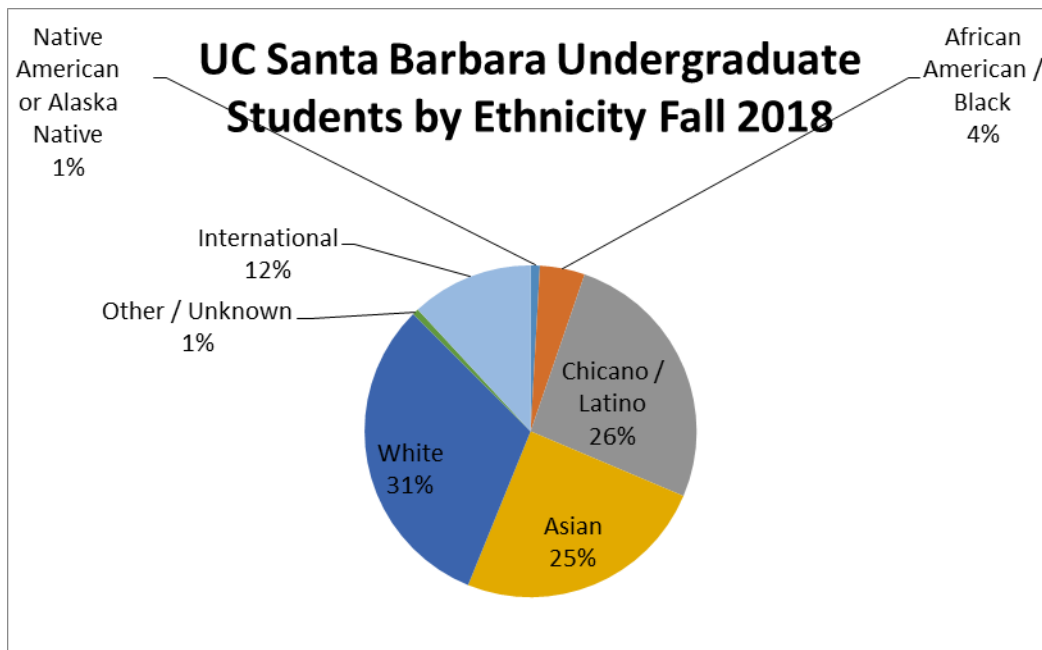


University of California, Santa Barbara				
New Fall Quarter CA Resident Undergraduates				
Year	Freshmen	Transfer	Total	Ratio of Freshmen to Transfers
2008	4,171	1,513	5,684	2.8:1
2009	4,387	1,756	6,143	2.5:1
2010	3,542	1,484	5,026	2.4:1
2011	3,746	1,315	5,061	2.8:1
2012	4,234	1,538	5,772	2.8:1
2013	4,141	1,359	5,500	3.0:1
2014	4,189	1,376	5,565	3.0:1
2015	3,847	1,302	5,149	3.0:1
2016	4,241	1,750	5,991	2.4:1
2017	3,750	1,873	5,623	2.0:1
2018	3,999	1,968	5,967	2.0:1
<b>% Change</b>	<b>-4%</b>	<b>30%</b>	<b>5%</b>	



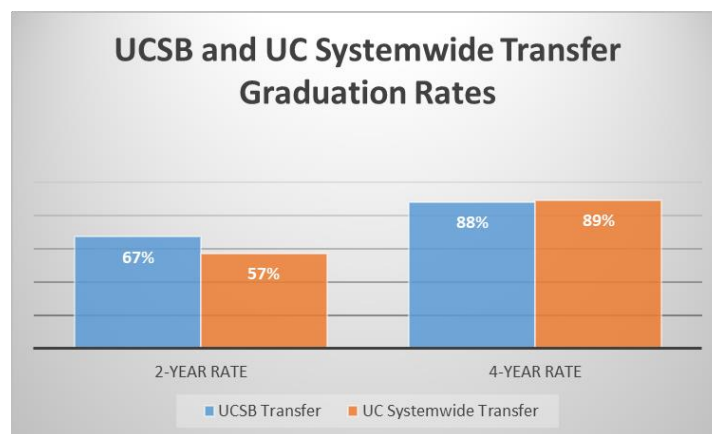
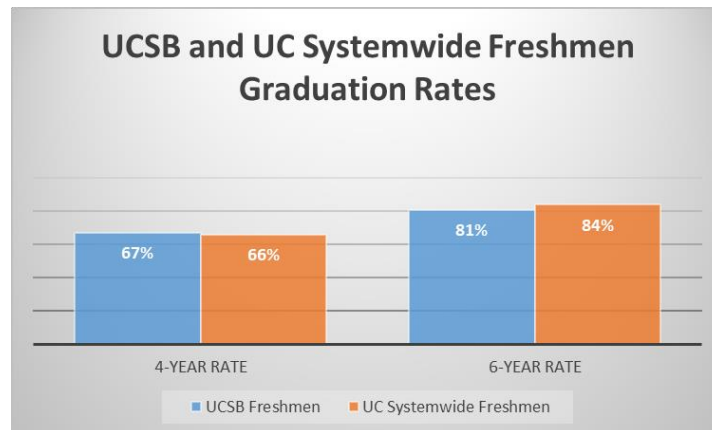
**The ethnicity of the undergraduate student body has changed.** White students comprise 31% of the undergraduate student body, while 26% of students are Chicano/Latino students and 25% are Asian. Ten years earlier, white students comprised 51% of the student body. While African-American students are only 4% of the undergraduate student body, the campus has nearly doubled the number of these students in the 10-year period – see chart on the following page.

University of California, Santa Barbara								
Fall Quarter Students by Ethnicity								
Undergraduate Student Ethnicity								
Year	Native American or Alaska Native	African American / Black	Chicano / Latino	Asian	White	Other / Unknown	International	Total
2008	137	576	3,910	3,154	9,633	1,258	224	18,892
2009	174	641	4,295	3,447	9,785	1,184	270	19,796
2010	179	664	4,320	3,564	9,053	1,128	278	19,186
2011	174	677	4,377	3,799	8,333	907	353	18,620
2012	192	712	4,488	4,364	7,964	705	552	18,977
2013	180	748	4,690	4,689	7,662	625	768	19,362
2014	204	796	5,048	5,218	7,543	289	1,140	20,238
2015	215	869	5,200	5,319	7,272	277	1,455	20,607
2016	197	914	5,555	5,440	7,378	280	1,810	21,574
2017	215	1,026	5,789	5,521	7,251	199	2,185	22,186
2018	208	1,010	6,020	5,714	7,233	142	2,743	23,070
<b>% Change</b>	<b>52%</b>	<b>75%</b>	<b>54%</b>	<b>81%</b>	<b>-25%</b>	<b>-89%</b>	<b>1125%</b>	<b>22%</b>



**UC Santa Barbara Student Outcomes and Student Support Programs**

***UCSB outcomes are similar to those of the UC system.*** The campus reports that 67% of its freshmen undergraduates graduate within 4 years, and 67% of its transfer students graduate within 2 years. About 81% of freshmen undergraduates graduate within 6 years, and 88% of transfer students graduate within 4 years. As the charts indicate, UC Santa Barbara’s outcomes are similar to UC systemwide graduation rates.



***Average time-to-degree is under 4 years for freshmen.*** The campus reports that freshmen average 3.94 years to earn a degree, while transfer students average 2.05 years to earn a degree. Freshmen time-to-degree averages have been under 4 years for the last nine years.

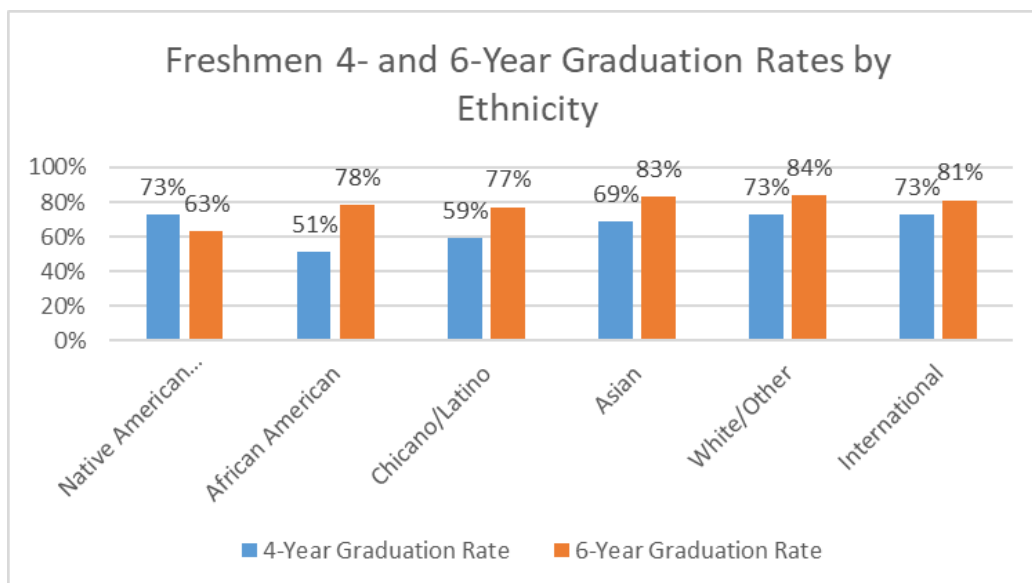
These numbers compare favorably to UC systemwide: freshmen average 4.18 years to complete a degree throughout the system, while transfer students average 2.38 years. See data on the following page.

**UCSB Time-to-Degree**

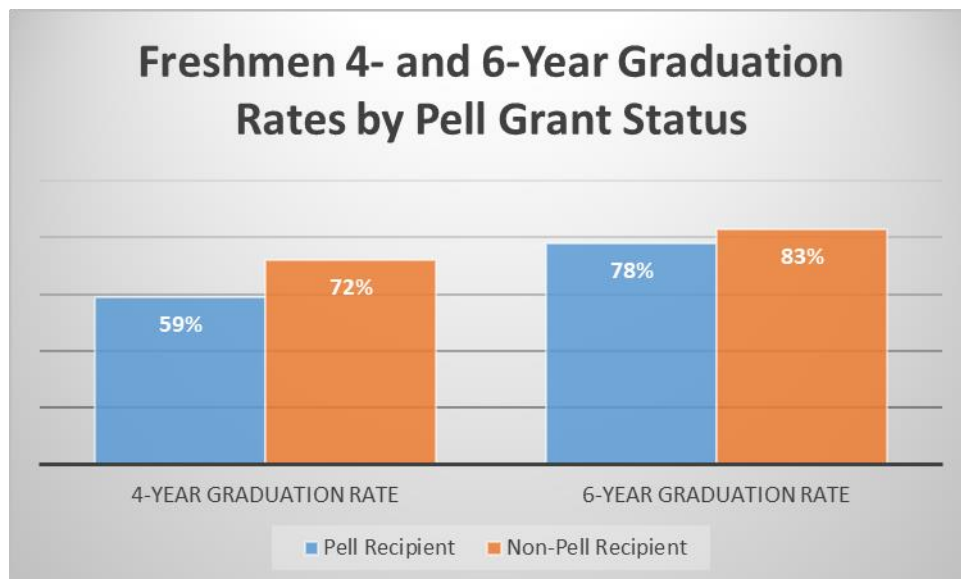
Academic Year	Freshmen Entry	Transfer Entry
2008-09	4.02	2.23
2009-10	3.94	2.20
2010-11	3.92	2.15
2011-12	3.95	2.13
2012-13	3.92	2.21
2013-14	3.95	2.12
2014-15	3.93	2.11
2015-16	3.91	2.13
2016-17	3.94	2.12
2017-18	3.94	2.05

**There is an achievement gap by ethnicity and family income.** UC Santa Barbara reports an achievement gap for underrepresented minority students and low-income students.

The charts below display this gap: Chicano/Latino students have a 59% 4-year graduation rate, compared to 73% for white students, for example. African-American students have a 51% 4-year graduation rate. The graduation rate gap by ethnicity lessens – but remains – at the six-year mark.



Using Pell Grant status as a proxy for family income level, the campus reports a gap between low-income students and other students. While 72% of students who do not receive a Pell Grant graduate within 4 years, 59% of Pell Grant recipients graduate within 4 years. The gap lessens at the 6-year mark.



**Campus has several programs geared toward improving outcomes and supporting students.** For example, the ONDAS Student Center is designed to support first-generation college students by providing mentoring and other academic and social supports. The center is supported by federal funds available to the campus because it is recognized as a Hispanic Serving Institution by the U.S. Department of Education.

Other services for needy students are available, and partially supported by state funds earmarked for student hunger and basic needs first championed by this Subcommittee.

These services include:

- **UCSB Financial Crisis Response Team.** The UCSB Financial Crisis Response Team exists to assist students who are facing a financial crisis or urgent financial need. This effort aims to assist undergraduate and graduate students who are facing significant financial difficulties that jeopardize their path to graduation. Metrics: In 2017-2018, more than 500 students were connected to the Financial Crisis Response Team. This new program surely prevented students from having to drop out or stop out.
- **Cal Fresh Advocacy.** Cal Fresh is a federal program that provides eligible students with up to \$192 per month in food purchasing power, thus allowing students to eat healthy and nutritious foods. UCSB led one of the most successful campaigns in the country during 2017-18, and registered nearly 3,000 students which put more than \$5M worth of resources in the pockets of our students. For 2018-19, UCSB has a goal of registering 6,000 students and Cal Fresh benefits are now accepted on campus.

- **Meal Voucher Program.** In order to combat food insecurity on campus, 10,000 meal vouchers were purchased and distributed to high touch points (currently available in 52 different locations) for distribution. If a student shows up to the library, CAPS, Financial Aid, Faculty Office Hours, etc. and appears to be hungry, they are presented with a meal voucher which can be taken to the dining commons and redeemed for an all you can eat meal. Students are also provided a list of other available resources.
- **Grocery Store Vouchers.** UCSB currently offers \$50 vouchers to five different local grocery stores. This allows students to purchase food while learning important skills like shopping on a budget and cooking healthy meals for multiple days. While open to all students, this program is directed at students who do not qualify for Cal Fresh (namely undocumented students and international students).
- **Associated Students Food Bank.** UCSB has a campus food pantry that serves the campus community. More than 1,400 students visit the food bank weekly.
- **Food Boarding.** This fall UCSB has rolled out a food boarding program that allows students to pool resources to cook healthy communal meals. This program teaches students basic cooking skills and for \$450 a quarter students get lunch and dinner five days a week
- **Housing Voucher Program.** UCSB has rolled out a housing voucher program through the Financial Crisis Response Team. Vouchers can be used both on and off campus and are available in increments of \$500, \$150, and \$50 depending on the severity of the situation. Students will apply through the Financial Crisis Response Team and documentation may be requested.