

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Kevin McCarty, Chair

TUESDAY, APRIL 21, 2015
9 AM - STATE CAPITOL ROOM 444

OVERVIEW OF UNIVERSITY OF CALIFORNIA ENROLLMENT ISSUES

I. OPENING REMARKS

Assembly Member Kevin McCarty, Chair

Committee Members

II. UC ENROLLMENT FUNDING

Paul Golaszewski, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

Nathan Brostrom, Executive Vice Chancellor-Chief Financial Officer, University of California Office of the President

Christian Osmena, Principal Program Budget Analyst, Department of Finance

III. UC ENROLLMENT TRENDS AND ISSUES

Nina Robinson, Associate President and Chief Policy Advisor, University of California Office of the President

Charlie Eaton, Fall 2015 David P. Gardner Fellow, Center for Studies in Higher Education, University of California Berkeley

IV. PUBLIC COMMENT

ITEMS TO BE HEARD

6440 UNIVERSITY OF CALIFORNIA

At the March 3, 2015 Subcommittee hearing, University of California President Janet Napolitano announced that UC would not increase enrollment of California students in the 2015-16 school year unless the state provided funding above the Governor's proposed budget levels. She also announced that UC would increase enrollment for nonresident students – those from out of the state and other countries – by 2,000 students in 2015-16.

This conflicts with part of the Governor's budget proposal, which provides additional funding above 2014-15 levels only if UC does not increase nonresident enrollment. It also conflicts with a UC budget plan announced by Assembly Speaker Toni Atkins, which calls for additional funding above the Governor's proposal, a cap on nonresident students, and increasing California resident enrollment by 10,000 over 5 years. Both the Governor and Speaker Atkins also oppose the UC Regents' action last November to raise tuition by 28% over the next five years.

As part of her UC budget proposal, Speaker Atkins called for the Assembly to thoroughly scrutinize the UC budget this year. The Subcommittee met on Feb. 18 to review recent UC spending between 2007-08 and 2014-15 as part of that process. This hearing will focus on UC undergraduate admissions and enrollment trends during that same period.

This period is largely marked by the state's recession, major fluctuations in state funding for UC and significant changes in undergraduate admissions and enrollment patterns, including:

- An increase in applications to UC from California residents: applications to UC grew by 34% between 2007 and 2014.
- Significantly lower admission rates, making it much more difficult for Californians to get into UC: 87% of resident applicants were accepted into a UC in 2007, while only 62% of applicants were admitted in 2014. Admission rates are far lower at UC Berkeley, UCLA and UC San Diego, which are considered the system's flagship campuses.
- Essentially flat freshman undergraduate enrollment during that same period. Freshman enrollment actually decreased at 6 of the system's nine campuses, and most of the increase was concentrated at UC Merced.
- Massive growth in applications from and enrollment of nonresident students (both from other states and countries): applications grew by 242%, while enrollment grew by 283%. UC enrolled more than 10,000 nonresident students into its system for the first time in 2014.
- A change in how the state funds UC, moving from a model that earmarked specific funding for enrollment growth to the current model, which provides UC with \$2.99 billion General Fund in the current year and no direction on enrollment.

BACKGROUND

The Master Plan for Higher Education designates UC as the state's primary academic research institution, providing undergraduate, graduate academic and professional education at the masters and doctoral level. State enrollment goals under the Master Plan call for UC to admit students in the top 12.5% of their high school class. The Master Plan also calls for UC to accept qualified community college transfer students who have completed 60 units of transferrable credit and have a minimum grade point average of 2.4.

UC enrolled an estimated 240,382 students in the current year, with 195,078 undergraduate students.

UC Enrollment Policy

UC's current policy to meet its Master Plan enrollment goals uses two processes:

- Eligibility criteria that, if satisfied, guarantee a student admission to the UC system (though not necessarily to the campus, major, or term of the student's choice),
- And a local comprehensive review process through which additional students who have completed the university's course, grade point average (GPA), and testing requirements may be offered admission.

Together, these components are calibrated to capture 12.5% of California high school graduates.

To be guaranteed admission, students must meet one of two sets of criteria: rank in the top 9% of students statewide based on grades earned in a-g courses (specifically-approved high school courses) and standardized test scores, or rank in the top 9% of their individual high school based on GPA earned in a-g courses. When these criteria were adopted by the Regents in 2009, between 10.1% and 10.5% of California public high school graduates were projected to meet one or both of those two sets of criteria. Comprehensive admissions review was expected to bring the total deemed UC-eligible to 12.5%. The University's goal in implementing this policy is to increase diversity by providing a larger group of students with the opportunity to be reviewed and to demonstrate their potential in the detailed individual review process.

The new policy went into effect in 2012.

While these are system-wide policies, individual campuses are responsible for admissions, and each campus has differing standards.

Applications, Admissions and Enrollment of Resident Freshman

More Californians than ever sought admission to UC between 2007 and 2014. Unduplicated applications topped 100,000 in 2014, a 34% increase compared to 2007. All nine UC campuses that enroll undergraduate students saw an increase in applications, with most over 20%.

Despite increased applications, the number of resident Californians admitted into UC decreased by 4% during this period. All nine campuses reduced admission rates, and five – Berkeley, Irvine, UCLA, Merced, and Riverside - recorded significant reductions in admissions: 10% or more. Admittance rates for Californians seeking a spot at UC fell from 87% of applicants to 62%.

Resident freshman enrollment remained relatively flat during this period system-wide, but enrollment numbers are skewed due to major growth at UC Merced. Only three campuses – Merced, Riverside and Santa Barbara – actually increased enrollment during this period; all others decreased resident freshman enrollment.

The charts below and on the next page indicate system-wide and campus-specific applications, admissions and enrollment during this seven-year period. It should be noted that many students apply to more than one campus: UC officials noted that in 2013, applicants applied to 3.5 campuses on average. The system-wide numbers do not double count applicants, but the campus-specific numbers reflect every student who applied there, even if they applied to multiple campuses.

Universitywide	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	74,496	80,029	81,113	82,341	85,187	93,460	99,447	100,077	34%
Admissions	65,088	69,251	69,105	69,533	60,933	62,527	62,683	62,500	-4%
Enrollment	33,577	34,481	32,468	31,897	32,114	33,065	33,135	33,824	1%
Admit Rate	87%	87%	85%	84%	72%	67%	63%	62%	

Berkeley	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	36,258	38,907	38,007	38,757	39,142	41,209	43,255	44,622	23%
Admissions	8,974	8,665	9,005	7,417	7,231	7,409	7,073	7,267	-19%
Enrollment	3,872	3,665	3,878	3,044	2,948	3,042	3,091	3,851	-1%
Admit Rate	25%	22%	24%	19%	18%	18%	16%	16%	

Davis	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	33,107	37,869	39,398	40,031	42,021	42,562	45,834	46,840	41%
Admissions	19,494	19,943	18,718	18,386	19,103	18,941	18,024	17,806	-9%
Enrollment	4,793	4,793	4,275	4,368	4,375	4,838	4,428	4,498	-6%
Admit Rate	59%	53%	48%	46%	45%	45%	39%	38%	

Irvine	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	37,526	39,414	40,887	42,307	43,260	47,531	50,280	52,390	40%
Admissions	21,028	19,387	18,303	19,113	19,048	18,010	19,524	18,402	-12%
Enrollment	4,765	4,413	3,900	4,243	4,765	4,391	4,518	4,407	-8%
Admit Rate	56%	49%	45%	45%	44%	38%	39%	35%	

Los Angeles	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2005-2014
Applications	43,938	46,861	46,266	47,277	48,663	52,269	55,079	56,039	28%
Admissions	10,466	10,447	9,983	10,010	11,067	9,821	9,741	9,374	-10%
Enrollment	4,209	4,253	4,010	4,035	4,854	3,995	4,107	4,143	-2%
Admit Rate	24%	22%	22%	21%	23%	19%	18%	17%	

Merced	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	14,855	18,705	20,458	22,466	13,504	13,253	15,097	15,087	2%
Admissions	13,351	17,067	18,807	20,025	10,669	10,139	10,123	10,429	-22%
Enrollment	668	916	1,117	1,329	1,441	1,492	1,651	1,547	132%
Admit Rate	90%	91%	92%	89%	79%	77%	67%	69%	

Riverside	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	25,959	29,097	30,815	25,324	24,818	27,718	30,866	31,168	20%
Admissions	22,730	24,840	26,155	19,554	16,194	16,944	18,333	17,882	-21%
Enrollment	3,662	4,362	4,242	4,430	3,583	3,874	4,084	4,056	11%
Admit Rate	88%	85%	85%	77%	65%	61%	59%	57%	

San Diego	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	40,856	42,361	41,528	42,027	45,659	48,291	50,728	52,181	28%
Admissions	17,313	16,998	15,325	15,458	14,570	15,493	16,610	15,790	-9%
Enrollment	3,900	4,043	3,566	3,661	2,886	3,498	4,072	3,644	-7%
Admit Rate	42%	40%	37%	37%	32%	32%	33%	30%	

Santa Barbara	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	37,710	43,128	40,682	42,643	43,900	46,158	50,465	51,104	36%
Admissions	20,710	21,448	19,637	19,151	19,013	19,176	19,902	18,992	-8%
Enrollment	4,120	4,172	4,366	3,544	3,723	4,211	4,141	4,153	1%
Admit Rate	55%	50%	48%	45%	43%	42%	39%	37%	

Santa Cruz	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	22,771	25,799	25,384	25,868	26,151	29,641	34,117	34,591	52%
Admissions	18,746	18,877	16,256	16,689	17,724	18,009	16,752	18,219	-3%
Enrollment	3,590	3,864	3,118	3,243	3,539	3,727	3,043	3,525	-2%
Admit Rate	82%	73%	64%	65%	68%	61%	49%	53%	

Applications, Admissions and Enrollment of Community College Transfer Students

Since the inception of the Master Plan, the state has placed a high priority on ensuring that community college students have the ability to transfer to four-year universities. The Master Plan calls on both UC and CSU to maintain at least 60% of their total enrollment as upper-division to allow room for transfer students, who typically enter as upper-division students.

Recently, the Legislature has sought to increase the number of community college students transferring to UC and CSU by passing legislation requiring community colleges to develop specific associates degrees for transfer and to work with CSU to develop coordinated pathways for students to more easily transfer. The legislation recommended UC do the same, but did not require it in the same way as CSU.

More than 29,000 community college students applied to transfer to UC in 2014, a 33% increase since 2007. Unlike resident freshman, however, the number of transfers fluctuated during this period, rising to more than 32,000 in 2011 before falling to current levels. UC officials believe the fluctuation can be traced to community college funding, which fell during the recession but has been rising for the past two years.

While admissions and enrollment of transfer students grew at UC during this period, campus by campus numbers indicate differing situations across the state. Admission and enrollment of transfer students at UC Berkeley and UCLA fell significantly, for example, while it grew at other campuses like Davis, Irvine, Riverside, San Diego, Santa Barbara and Santa Cruz.

The charts below indicate transfer students' applications, admissions and enrollment rates system-wide and at each campus.

Universitywide	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	22,073	23,409	25,747	29,628	32,001	30,005	29,867	29,298	33%
Admissions	17,421	17,855	19,563	21,744	20,214	19,389	19,421	19,219	10%
Enrollment	12,386	12,592	13,755	15,200	15,223	14,528	14,617	14,669	18%
Admit Rate	79%	76%	76%	73%	63%	65%	65%	66%	

Berkeley	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	9,489	10,377	10,989	12,521	13,445	12,729	12,794	13,041	37%
Admissions	3,004	2,918	2,931	2,964	2,960	2,789	2,670	2,669	-11%
Enrollment	1,864	1,827	1,894	1,907	1,922	1,778	1,749	1,718	-8%
Admit Rate	32%	28%	27%	24%	22%	22%	21%	20%	

Davis	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	6,644	7,101	7,732	9,673	11,819	11,241	11,520	11,850	78%
Admissions	4,831	5,057	5,343	6,221	6,407	6,339	6,780	6,730	39%
Enrollment	1,733	1,764	2,054	2,526	2,554	2,597	2,812	2,788	61%
Admit Rate	73%	71%	69%	64%	54%	56%	59%	57%	

Irvine	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	7,624	8,510	9,166	11,986	13,994	13,327	13,216	13,337	75%
Admissions	5,278	4,737	5,557	5,830	5,574	5,633	6,171	6,045	15%
Enrollment	1,317	1,218	1,592	1,718	1,581	1,564	1,815	1,805	37%
Admit Rate	69%	56%	61%	49%	40%	42%	47%	45%	

Los Angeles	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	11,684	12,914	13,971	15,812	16,874	15,627	15,475	15,481	32%
Admissions	4,794	4,533	4,559	4,434	4,433	4,386	4,050	4,330	-10%
Enrollment	3,009	2,800	2,851	2,752	2,700	2,698	2,351	2,648	-12%
Admit Rate	41%	35%	33%	28%	26%	28%	26%	28%	

Merced	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	1,751	2,020	2,621	3,881	2,147	2,059	1,999	2,150	23%
Admissions	1,513	1,675	2,198	3,253	1,284	979	814	959	-37%
Enrollment	113	137	145	211	171	130	103	106	-6%
Admit Rate	86%	83%	84%	84%	60%	48%	41%	45%	

Riverside	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	4,781	4,906	5,404	5,678	7,387	6,892	7,922	7,786	63%
Admissions	3,746	3,831	4,181	4,021	4,793	4,411	4,702	4,613	23%
Enrollment	833	822	907	1,127	1,378	1,139	1,231	1,169	40%
Admit Rate	78%	78%	77%	71%	65%	64%	59%	59%	

San Diego	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	7,754	8,404	9,718	12,113	14,733	12,701	12,184	12,904	66%
Admissions	5,684	5,456	5,679	6,601	6,085	5,348	6,176	5,770	2%
Enrollment	1,570	1,669	1,670	2,268	2,409	1,848	2,189	2,001	27%
Admit Rate	73%	65%	58%	54%	41%	42%	51%	45%	

Santa Barbara	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	7,155	8,074	9,070	10,953	12,753	11,789	11,721	11,878	66%
Admissions	5,095	5,481	6,056	5,666	5,748	5,873	5,595	5,755	13%
Enrollment	1,206	1,524	1,779	1,508	1,334	1,570	1,383	1,396	16%
Admit Rate	71%	68%	67%	52%	45%	50%	48%	48%	

Santa Cruz	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	4,386	4,888	5,211	6,478	7,554	7,140	7,517	7,443	70%
Admissions	3,152	3,378	3,596	4,373	4,836	4,792	4,090	4,257	35%
Enrollment	741	832	863	1,183	1,175	1,204	984	1,039	40%
Admit Rate	72%	69%	69%	68%	64%	67%	54%	57%	

Applications, Admissions and Enrollment of Nonresident Students

Every UC campus saw significant increases in applications, admissions and enrollment of students from other states and countries. This trend was most pronounced at the Berkeley, Los Angeles and San Diego campuses, with both Berkeley and Los Angeles enrolling more than 2,000 nonresident students in 2014.

UC data indicate that 24% of Berkeley's student body in 2014 is from out of state or country, while 21% of UCLA's student body is nonresident and nonresidents comprise 19% of San Diego's students. Nonresidents pay \$22,878 more annually than residents, with campuses keeping this extra revenue. Thus, campuses had a major incentive to seek more nonresident students. Five campuses – Davis, Irvine, UCLA, San Diego, and Santa Cruz – had higher admission rates for nonresident students than resident students in 2014, meaning nonresidents were more likely to be admitted than residents.

The charts below indicate applications, admissions and enrollment of nonresident students.

Universitywide	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	15,915	18,944	20,895	22,350	25,319	37,845	45,761	54,387	242%
Admissions	7,740	9,333	9,623	11,899	17,747	24,083	26,543	29,962	287%
Enrollment	2,633	3,255	3,152	4,091	5,960	7,526	8,997	10,096	283%
Admit Rate	49%	49%	46%	53%	70%	64%	58%	55%	

Berkeley	2007	2008	2009	2010	2011	2012	2013	2014	% Change, 2007-2014
Applications	9,445	11,554	13,030	14,226	16,428	23,550	27,670	32,749	247%
Admissions	1,526	1,999	1,938	3,803	4,806	4,271	5,525	5,177	239%
Enrollment	525	783	784	1,354	1,911	1,526	2,107	2,087	298%
Admit Rate	16%	17%	15%	27%	29%	18%	20%	16%	

Davis	2007	2008	2009	2010	2011	2012	2013	2014	% change, 2007-2014
Applications	2,833	3,826	4,225	4,814	5,916	9,124	12,264	16,265	474%
Admissions	1,690	2,181	2,261	2,753	4,452	4,809	6,412	8,119	380%
Enrollment	264	309	280	344	538	642	960	1,219	362%
Admit Rate	60%	57%	54%	57%	75%	53%	52%	50%	

Irvine	2007	2008	2009	2010	2011	2012	2013	2014	% change, 2007-2014
Applications	3,416	4,292	4,626	5,326	8,009	11,068	12,747	16,827	393%
Admissions	1,839	2,007	2,036	2,484	5,325	6,894	6,416	7,707	319%
Enrollment	286	301	276	313	500	828	1,127	1,248	336%
Admit Rate	54%	47%	44%	47%	66%	62%	50%	46%	

Los Angeles	2007	2008	2009	2010	2011	2012	2013	2014	% change, 2007-2014
Applications	8,588	10,732	12,043	13,366	15,811	23,720	29,069	34,421	301%
Admissions	2,033	2,880	2,893	3,951	5,491	7,064	7,602	7,553	272%
Enrollment	665	902	845	1,077	1,389	2,101	2,061	2,140	222%
Admit Rate	24%	27%	24%	30%	35%	30%	26%	22%	

Merced	2007	2008	2009	2010	2011	2012	2013	2014	% change, 2007-2014
Applications	304	542	510	582	1,868	974	948	1,275	319%
Admissions	215	353	308	387	1,633	588	474	608	183%
Enrollment	5	11	10	11	3	0	4	6	20%
Admit Rate	71%	65%	60%	66%	87%	60%	50%	48%	

Riverside	2007	2008	2009	2010	2011	2012	2013	2014	% change, 2007-2014
Applications	1,395	1,694	1,725	1,850	4,137	3,530	4,936	6,187	344%
Admissions	850	967	976	1,002	3,568	2,542	3,042	3,658	330%
Enrollment	89	100	95	90	144	256	199	346	289%
Admit Rate	61%	57%	57%	54%	86%	72%	62%	59%	

San Diego	2007	2008	2009	2010	2011	2012	2013	2014	% change, 2007-2014
Applications	5,322	6,448	7,347	8,313	10,136	15,067	19,513	24,511	361%
Admissions	2,353	2,659	2,675	3,972	5,711	8,693	9,639	10,082	328%
Enrollment	393	438	444	579	940	1,452	1,667	1,734	341%
Admit Rate	44%	41%	36%	48%	56%	58%	49%	41%	

Santa Barbara	2007	2008	2009	2010	2011	2012	2013	2014	% change, 2007-2014
Applications	4,006	4,897	5,146	5,470	7,307	10,833	13,887	18,017	350%
Admissions	2,088	2,347	2,601	2,831	4,800	6,253	5,842	6,447	209%
Enrollment	276	297	315	265	458	614	596	782	183%
Admit Rate	52%	48%	51%	52%	66%	58%	42%	36%	

Santa Cruz	2007	2008	2009	2010	2011	2012	2013	2014	% change, 2007-2014
Applications	2,030	2,451	2,278	2,276	2,648	4,052	5,150	6,883	239%
Admissions	1,134	1,116	1,089	991	1,309	1,867	3,111	4,531	300%
Enrollment	130	114	103	58	77	107	276	534	311%
Admit Rate	56%	46%	48%	44%	49%	46%	60%	66%	

State Enrollment Funding

Historically, the state provided UC and CSU with funding each year specifically designated to support enrollment growth. Enrollment targets were generally set by using forecasts for high school graduation rates and the overall population of 18- to 24-year-olds, and through negotiation with the segments as to an appropriate per-student amount of funding, referred to as the marginal cost. Additionally, the California Postsecondary Education Commission conducted routine eligibility studies, which studied high school graduation rates and UC and CSU admission trends to ensure that both segments were meeting their admittance goals.

Due to recession-era budget cuts and current administration preference, however, enrollment targets have been eliminated from the budget. No enrollment targets have been included in the past two Budget Acts. Both UC and CSU were provided 5% increases in General Fund support in 2013 and 2014 with no obligation to enroll a specific number of California students. Additionally, CPEC was de-funded during the

recession, and no eligibility study has been conducted since 2007. Legislation (AB 2548, Ting) to fund a new eligibility study was approved by the Legislature last year but vetoed by the Governor.

A refusal to support enrollment funding for UC and CSU is in contrast with community college funding, where the administration has proposed and supported funding for enrollment growth for the past three years.

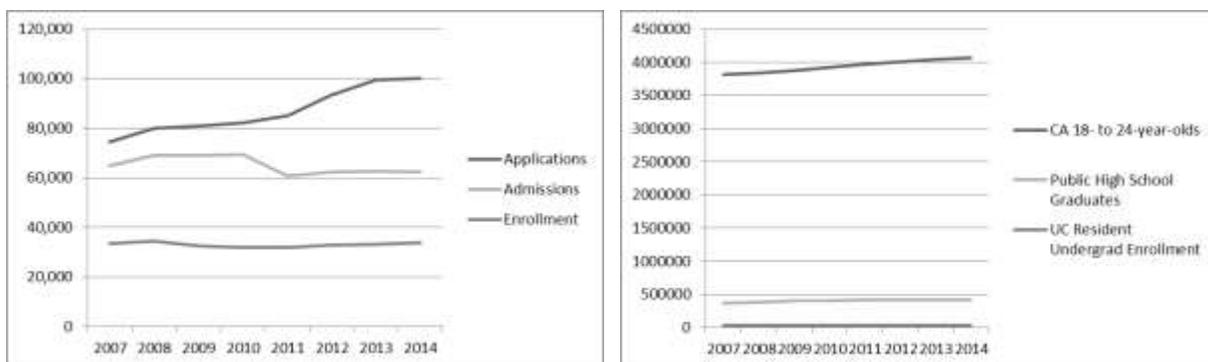
The LAO will provide the Subcommittee with a review of enrollment funding and a suggested current marginal cost.

STAFF COMMENTS/QUESTIONS

Staff provides the following observations regarding admission and enrollment trends at UC and suggested questions to ask the panelists.

Demand is soaring, but UC admissions decreased and enrollment is flat. Data indicate that the number of high school graduates grew by 11% between 2007 and 2014, and the number of 18- to 24-year-olds grew by 7%. Additionally, the proportion of high school graduates who completed the A-G courses required by UC – and CSU – increased from about 34% in 2007-08 to more than 39% in 2012-13. As noted earlier, applications to UC grew by 34% during the 2007-2014 period.

Despite more college-age Californians, more high school graduates, and more college-prepared high school graduates, UC decreased admissions dramatically at many campuses and overall enrollment was essentially flat. The line graphs below illustrate these trends.



It is significantly more difficult to get into UC, particularly at select campuses. Increasing applications coupled with tighter admissions has made it much more difficult for Californians to get into UC. For example, in Fall 2007, 54% of UC enrollees had a high school GPA of 3.8 or higher. That grew to 66% by Fall 2013. Admissions dropped by double-digits at campuses such as Berkeley, Irvine, UCLA, and Riverside, more California students.

Master Plan goal for admitting undergraduate students appears to be met, although UC notes that the percentage of California high school graduates actually enrolling at UC has dropped. Despite these trends, both UC and the LAO

believe the system is meeting its Master Plan goal of admitting the top 12.5% of state high school graduates. The LAO states that UC has been admitting about 13% of high school graduates.

The number of high school graduates actually enrolling at UC, however, is about 7.5%. This compares to about 9% before the recession, according to UC. Rising tuition costs, admission to other private or public colleges, or other factors – such as being referred to a UC campus the student did not seek admission to - could explain why students are admitted to UC but do not enroll.

UC is meeting its undergraduate admittance requirements in part by referring thousands of students to UC Merced. However, about 98% of the referred students are not enrolling. The Master Plan sets goals for UC as a system, and thus UC is not directed to provide students with their first or even second or third choice in determining which campus admits a student. UC has long referred students to campuses other than those they apply to. Typically, referrals have been made to whichever campus is the newest and can best accommodate enrollment growth.

In recent years, the "referral pool," as UC calls it, has grown significantly. While some referrals have been made to the Riverside campus, most have been made to Merced. The number of referrals almost doubled between 2006 and 2014, topping 11,000 in 2014. And as the chart below indicates, the number of students who have agreed to enroll at Merced after being referred is very low: about 2%.

UC officials note that it is imperative that the Merced campus grow, to ensure the campus can benefit from the economies of scale that other campuses enjoy. However, because Merced is a significant distance from many of the major population centers of California, it may be difficult for many students seeking a UC education to enroll there. It is unclear what happens to the students who are referred to Merced but do not enroll.

Year	Referral Pool	Agreed to Attend Riverside	Agreed to Attend Merced	% of Referrals who Agreed to Attend Riverside or Merced
2006	6062	395	65	8%
2007	6712	391	139	8%
2008	8651	647	108	9%
2009	11213	723	238	9%
2010	11069	208	297	5%
2011	12059		236	2%
2012	9060		194	2%
2013	10318		188	2%
2014	11183		239	2%

Growth in nonresident students has provided UC with more revenue, but it clearly raises questions about access to UC for California students. As the recession reduced state funding for UC, all campuses increased admissions and enrollment of nonresident students. The percent of new undergraduates paying nonresident tuition was 15.6% in 2013-14, compared to 5.5% in 2007-08.

Nonresident students pay more than \$22,000 more per year than California residents, and campuses are allowed to keep this extra revenue. The chart below indicates the change in revenue campuses received from nonresidents between 2007-08 and 2013-14. It should be noted that this chart includes both nonresident undergraduate and graduate students.

Campus	2007-08	2013-14	Difference in Revenue, 07-08 to 13-14	% Change, 07-08 to 13-14
Berkeley	\$ 65,128,614.47	\$ 167,768,204.04	\$ 102,639,589.57	158%
San Francisco	\$ 2,639,501.53	\$ 2,645,589.27	\$ 6,087.74	0%
Davis	\$ 23,630,390.39	\$ 56,239,033.70	\$ 32,608,643.31	138%
Los Angeles	\$ 57,682,194.74	\$ 150,137,041.53	\$ 92,454,846.79	160%
Riverside	\$ 10,107,207.84	\$ 17,700,700.64	\$ 7,593,492.79	75%
San Diego	\$ 32,267,938.64	\$ 98,990,564.09	\$ 66,722,625.46	207%
Santa Cruz	\$ 10,335,417.14	\$ 12,400,401.05	\$ 2,064,983.91	20%
Santa Barbara	\$ 22,539,541.70	\$ 40,654,201.25	\$ 18,114,659.55	80%
Irvine	\$ 23,373,659.32	\$ 64,480,970.45	\$ 41,107,311.13	176%
Merced	\$ 784,534.23	\$ 5,437,293.99	\$ 4,652,759.76	593%
Total	\$ 248,489,000.00	\$ 616,454,000.00	\$ 367,965,000.00	148%

The influx of nonresidents has added more than \$367 million to campus budgets, including more than \$100 million at Berkeley, and more than \$92 million at UCLA. Much of this funding goes to educate these nonresident students. UC officials also state that this revenue has provided significant benefit to all UC students, although it should be noted that the three campuses that received the most nonresident revenue actually decreased resident enrollment.

Examples of how UC campuses report using this added revenue include:

- At Berkeley, the revenue supports increased classes in the core academic program, including Reading and Composition (R&C), lower division “gateway” courses in Math and the Sciences (Biology, Chemistry, Computer Sciences, Mathematics, Physics, and Statistics) and Foreign Language instruction. The campus also used some this revenue to develop its Middle Class Access Plan, which provides financial aid to students with family incomes in the \$80,000 to \$150,000 range.
- San Diego has used the revenue to hire new faculty as part of a 3-year plan to increase faculty ranks and for a program that provides advising support for students and leverages technology to further improve 4-year graduation rates.

- Davis bolstered undergraduate financial aid and provides support for services for international students, graduate student researchers and graduate student fellowships and support, and provide fee remissions for Teaching Assistants (TAs).

UC officials also state that without this increased revenue, campuses and the system may have significantly decreased enrollment of California residents.

However, the data clearly reveal that rising admission and enrollment of nonresident students has coincided with decreasing admission and enrollment of Californians at many campuses, particularly the flagship campuses. If nothing else, the sheer volume of increased applications has raised the bar for admission into these top campuses. While it is unclear what would have happened had nonresident enrollment remained at pre-recession levels, these trends are troubling.

In a paper published in October 2014 called "*Tuition Rich, Mission Poor: Nonresident enrollment and the changing proportions of low-income and underrepresented minority students at public research universities*," professors at the University of Arizona, University of Missouri and University of Michigan studied enrollment trends at public research universities across the country – including UC – and reported that "nonresident enrollment growth may have negative consequences for access" to low-income and underrepresented students.

Staff reviewed the number of Cal Grant students at UC during this period and found that the percentage of UC undergraduate students who were Cal Grant recipients actually grew during the 2007-2013 period. This may be more illustrative of the state's economy, in that more students qualified as low-income and therefore received a Cal Grant. The study authors also note that there are many issues to consider when seeking to draw conclusions from enrollment trends.

More study is needed to truly determine the impacts of increasing nonresident admissions and enrollment on Californians' ability to access UC. But it is hard to believe that massive increases in nonresident enrollment has had no impact on Californians.

Current trends at UC are at odds with future state workforce needs for more bachelor's degrees and the state's emphasis on community college transfer. Based on a study of recent labor statistics and demographic projections, the Public Policy Institute of California (PPIC) has suggested that by 2025, only 35% of working-age adults in California will have at least a bachelor's degree, but 41% of jobs will require at least a bachelor's degree. PPIC states that this will equate to a shortfall of 1 million college graduates. PPIC suggests that increases in college enrollment rates and a 20% improvement in community college transfer rates would reduce this skills gap. PPIC also recommends revising the Master Plan goals for admissions, noting the plan was created more than 50 years ago.

UC produced 48,069 bachelor's degrees in 2013-14, while CSU produced 85,191 in the same year. PPIC noted that the state would need to increase status-quo bachelor

degree attainment rates by about 60,000 per year to completely close this million-degree gap by 2025.

Current UC enrollment trends will not address these needs.

In addition, as the state continues to fund enrollment growth at community colleges – the Governor is proposing 2% growth in 2015-16, after funding 2.75% in the current year – many more community college students may seek to transfer to UC in the future. Additional spending on student success programs at community colleges, as well as improved transfer pathways between the colleges and four-year universities, also could increase transfer demand well beyond current levels.

Suggested Questions

- What is UC's long-term enrollment plan? Will other campuses increase nonresident students similar to the flagship campuses?
- What efforts does UC undertake to attract nonresident students? How much money do admissions offices spend on recruiting nonresident students?
- Nonresident admission rates are higher than resident student admission rates. Are admission standards different for the two groups of students?
- Would UC still be able to meet its Master Plan goals without the UC Merced referral process?
- Does any panelist believe the Master Plan goals should be revised to allow for increased access to higher education?
- What efforts are UC undertaking to improve community college transfer rates?
- Why does the administration support enrollment funding at community colleges but not UC and CSU? Is the administration concerned that community college transfer students may have difficulty finding a spot at UC, or CSU?
- Which UC campuses can accommodate increased enrollment?
- What are admission rates for California residents for Fall 2015?