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Office of the President

TO THE MEMBERS OF THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE:

DISCUSSION ITEM

For Meeting of July 15, 2026

THE ECONOMIC IMPACT OF A UC DEGREE

EXECUTIVE SUMMARY

A UC degree continues to deliver strong value. Maintaining that advantage means responding to workforce disruption and changing employer needs, while ensuring college remains affordable through manageable costs and robust financial aid.

BACKGROUND

Questions persist about the value of a college degree, driven by concerns about affordability, return on investment, career prospects, and workforce readiness.

An August 2025 Gallup-Lumina poll[1] found that while 75 percent of Americans see value in earning a college degree (rating it at least fairly important), only 35 percent consider it vital—a share that has steadily declined from 75 percent in 2010, to 51 percent in 2019, and to 35 percent in 2025. Parents of children under 18 expressed similar views, with 78 percent seeing overall value in a college degree but only 38 percent considering it vital. While support for higher education varies by political affiliation, perceptions of its importance have declined across all major political groups. Between 2019 and 2025, the share of respondents who said a college degree is very important fell from 41 percent to 20 percent among Republicans, from 50 percent to 38 percent among Independents, and from 62 percent to 42 percent among Democrats. This decline appears to be driven by a combination of factors, including concerns about campus political climates, rising costs and student debt, growing skepticism about the return on investment of a degree, and the availability of alternative pathways to career success.

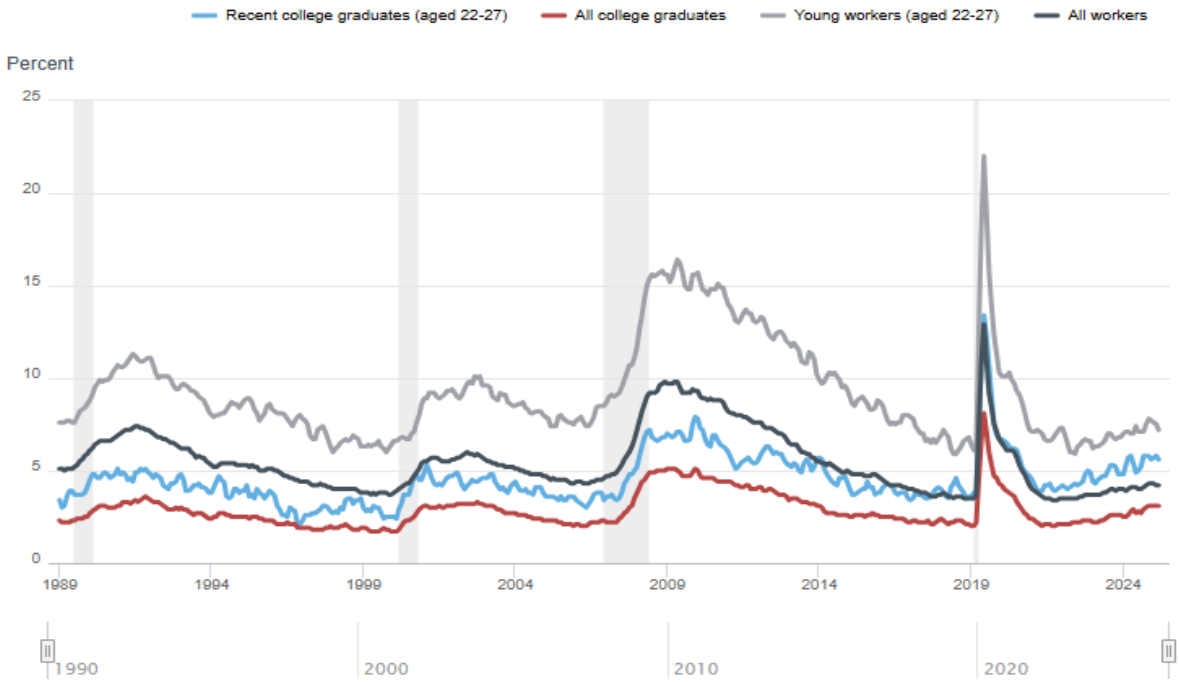
UC Berkeley's Institute of Governmental Studies conducted polls[2] in June and August 2025 to assess Californians' perceptions of higher education, particularly the University of California. Overall, 66 percent of respondents agreed that the UC system is important for helping students get ahead, including 38 percent who strongly agreed. Compared with the Gallup findings on a related question, support for the UC system was higher overall, although partisan differences remain. Among Republicans, 54 percent agreed that the UC system is important for helping students get ahead, including 20 percent who strongly agreed. Comparable figures were 74

[1] https://news.gallup.com/poll/695003/perceived-importance-college-hits-new-low.aspx
[2] https://escholarship.org/uc/item/2zc0n1n3

percent and 48 percent, respectively, among Democrats and 64 percent and 37 percent among respondents with no party preference.

Furthermore, national data show a 5.6 percent unemployment rate for recent college graduates and a 3.1 percent rate for all college graduates. While these figures remain lower than the 7.2 percent unemployment rate for young workers ages 22 to 27, the unemployment rate for recent graduates has risen above the overall rate for all workers (4.2 percent)—a notable shift from previous years when recent college graduates generally had lower unemployment rates than the workforce overall.

Figure 1: Unemployment rates for recent college graduates vs other groups



Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics, Current Population Survey (IPUMS).

In 2021, the University of California published a report entitled "Fiat Lux: What is the value of a UC degree?"[3] that detailed the public and private economic and social benefits of a UC degree. This written item updates data and provides new measures to answer many of today's questions about economic benefits and return on investment for a UC degree. In addition, it incorporates other relevant research, including the Public Policy Institute of California's (PPIC) April 2026 report "Is College Worth It?,"[4] a 2026 Gallup-Lumina Foundation survey on "What Employers Say Higher Education Must Deliver",[5] and other reports highlighting critical issues facing today's graduates.

[3] https://www.ucop.edu/institutional-research-academic-planning/_files/value-of-degree-full-report.pdf
[4] https://www.ppic.org/publication/is-college-worth-it/
[5] https://www.luminafoundation.org/wp-content/uploads/2026/03/Lumina-Foundation-Gallup-SOHE_Employer-Report.pdf

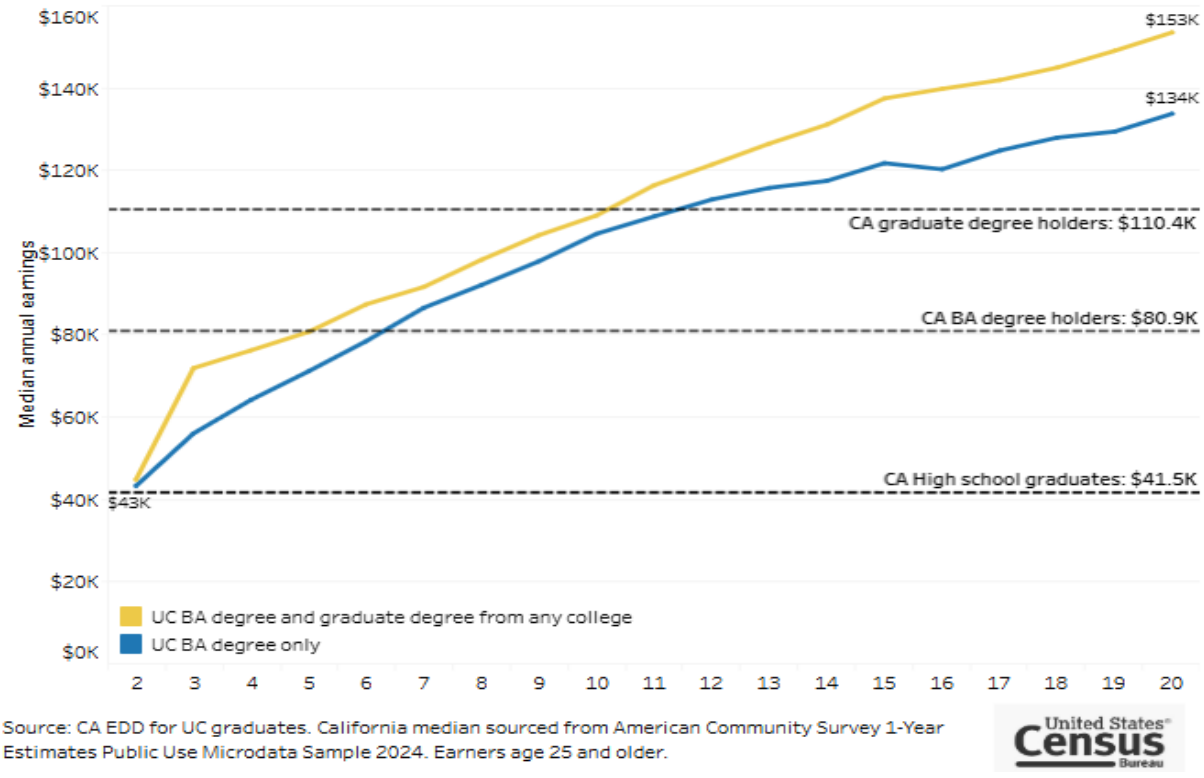
ECONOMIC VALUE OF A UC DEGREE REMAINS STRONG

While recent labor market conditions have raised concerns about college outcomes, the longer-term evidence paints a different picture. UC graduates continue to achieve strong earnings growth, upward economic mobility, manageable debt burdens, and returns on their educational investment that exceed alternative pathways.

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

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

Figure 2: Median annual earnings in California for 2024[6]



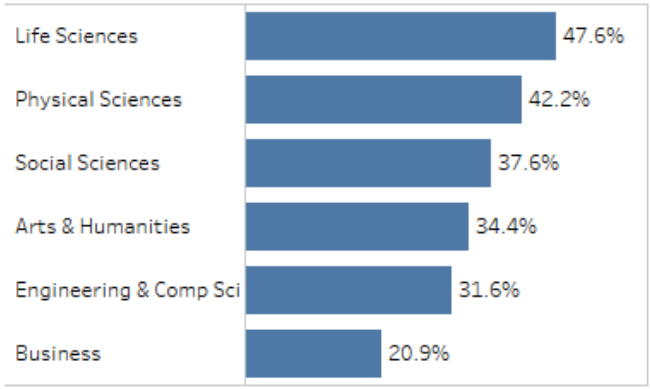
Source: CA EDD for UC graduates. California median sourced from American Community Survey 1-Year Estimates Public Use Microdata Sample 2024. Earners age 25 and older.

While a higher proportion of UC undergraduates go directly into the workforce, more than a third of UC undergraduates go on to graduate school and receive a graduate degree, serving in critical professions and receiving higher earnings overall. For example, almost half of UC life science undergraduates go on to graduate school to become health science professionals, with graduates in other disciplines eventually employed as faculty, lawyers, and other professions that

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

require a graduate degree.

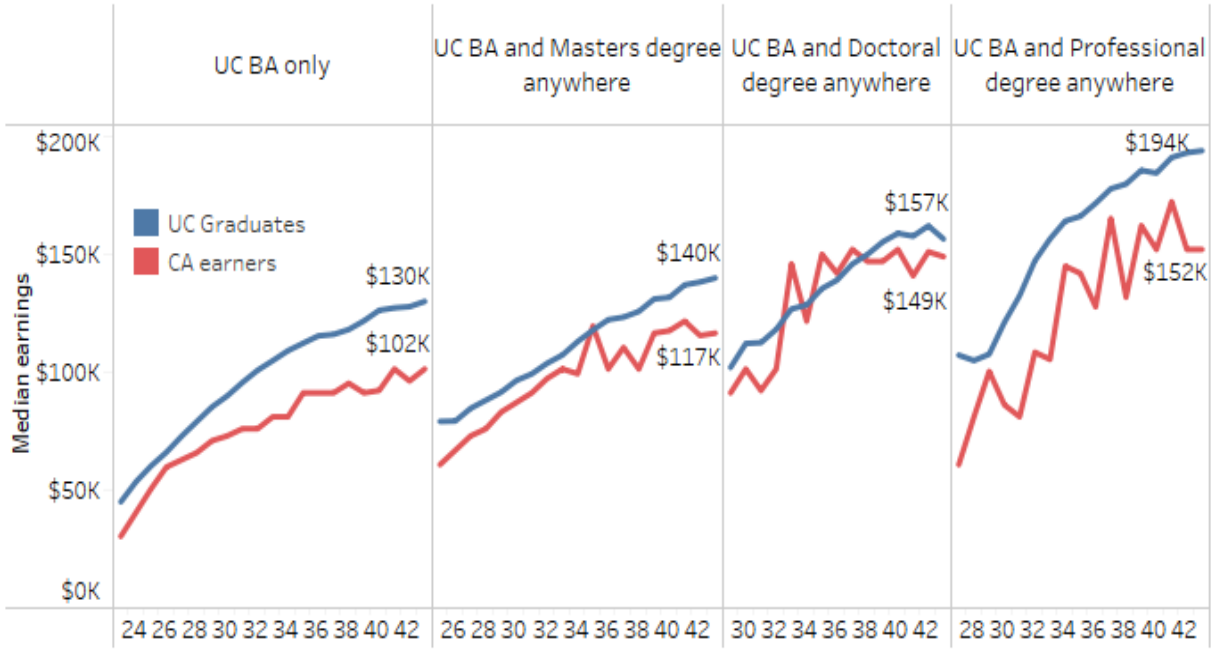
Figure 3: UC BA graduates going on to earn a graduate degree anywhere, by UC major



Source: National Student Clearinghouse

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

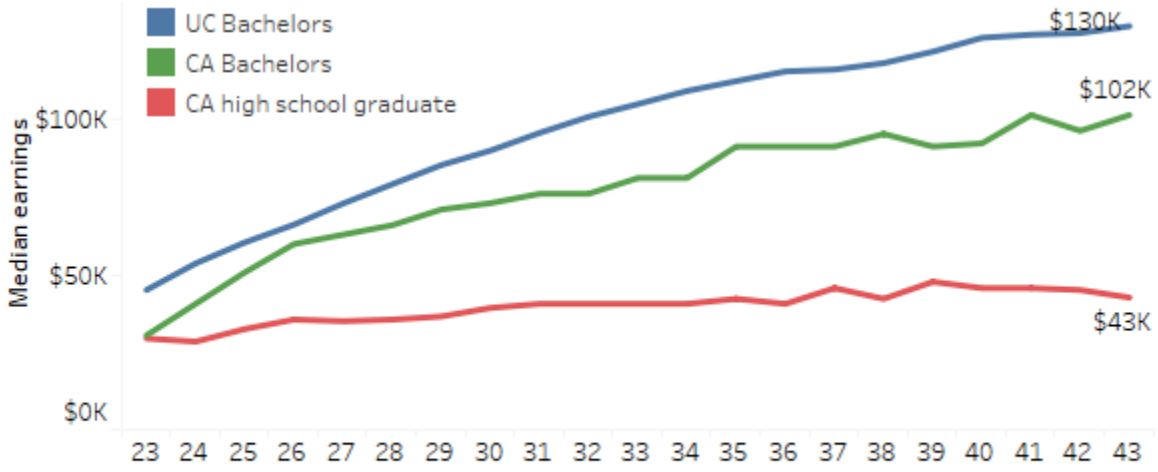
Figure 4: UC Undergraduate postgraduate earnings compared to CA median by age and educational attainment, age 23 to 43



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

Over a 20-year period, UC bachelor's degree recipients will earn $2.1 million in cumulative earnings. That is $1.23 million more than California high school graduates and $439,000 more than California bachelor's degree recipients.

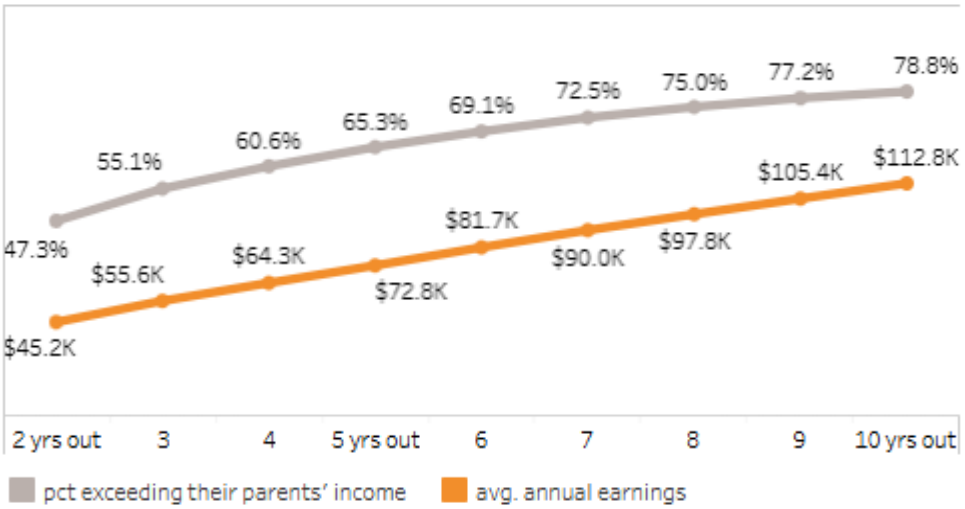
Figure 5: Median earnings of UC UG alumni earnings compared to CA averages by educational attainment and age 23 to 43. Dollars in thousands.



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

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

Figure 6: Annual average earnings and percent of Pell graduates earning more than their parents after graduation



Source: CA EDD for UC Pell grant recipients. UC financial support file.

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

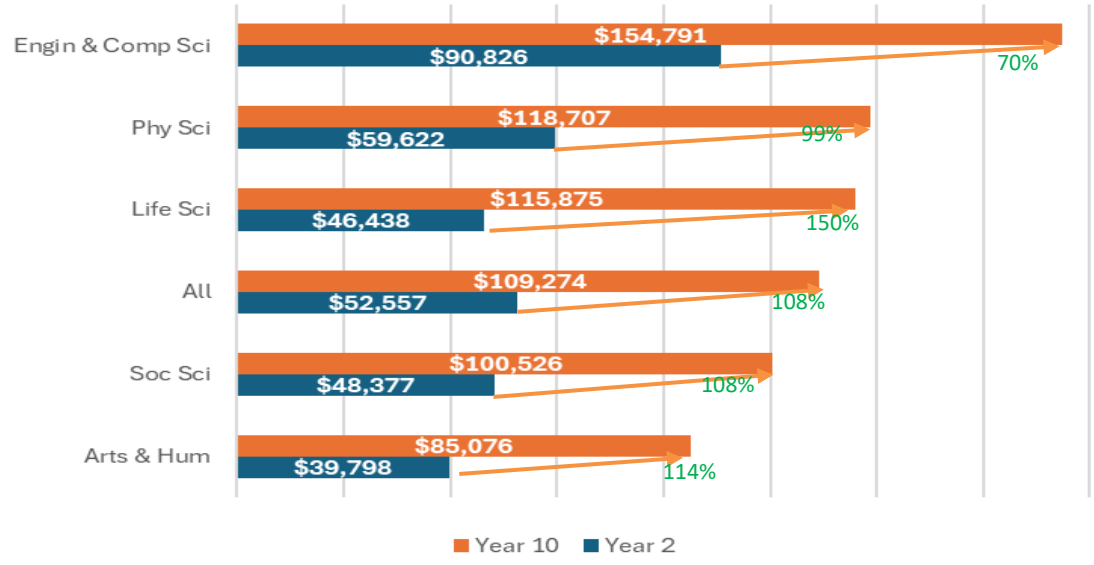
Table 1: Percent of seniors reporting primary reason for selecting a major[7]

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

Source: Spring 2024 UC Undergraduate Experience Survey (UCUES).

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

Figure 7. Median earnings for UC undergraduates two and ten years after graduation, overall and by discipline with percentage growth[8]

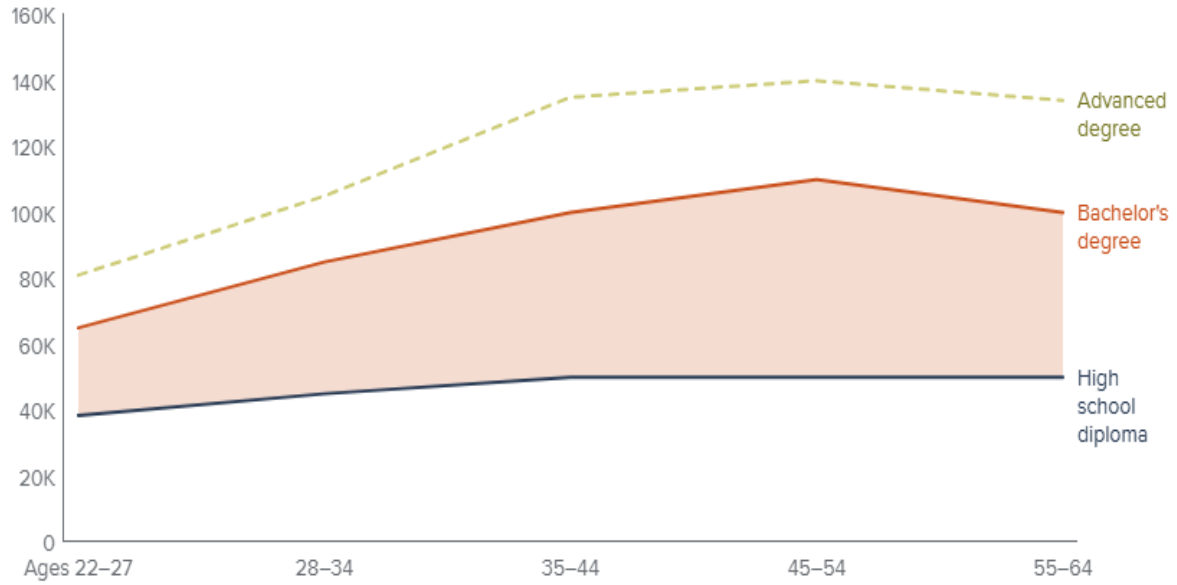


Source: California EDD

[7] https://www.universityofcalifornia.edu/about-us/information-center/university-california-undergraduate-experience-survey-ucues-data-tables-2024
[8] https://www.universityofcalifornia.edu/about-us/information-center/uc-alumni-work

UC's findings reinforce PPIC's conclusion that the economic value of a college degree grows with age and takes time to materialize. While some graduates experience challenges transitioning into the labor market and may initially be underemployed, PPIC found that most move into occupations with greater opportunities for wage growth as their careers progress. Seventy-eight percent of California college graduates realize a positive return on their educational investment within ten years of graduation, with nearly all doing so over the course of their careers. Moreover, despite a recent flattening of the college wage premium (i.e., difference between earnings for college and high school graduates), PPIC reported that California workers with a bachelor's degree continue to earn roughly twice as much as workers whose highest level of education is a high school diploma.

Figure 8. Median annual wage and salary income by age group



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

Most UC graduates leave debt-free, and those who borrow carry manageable—and declining—debt

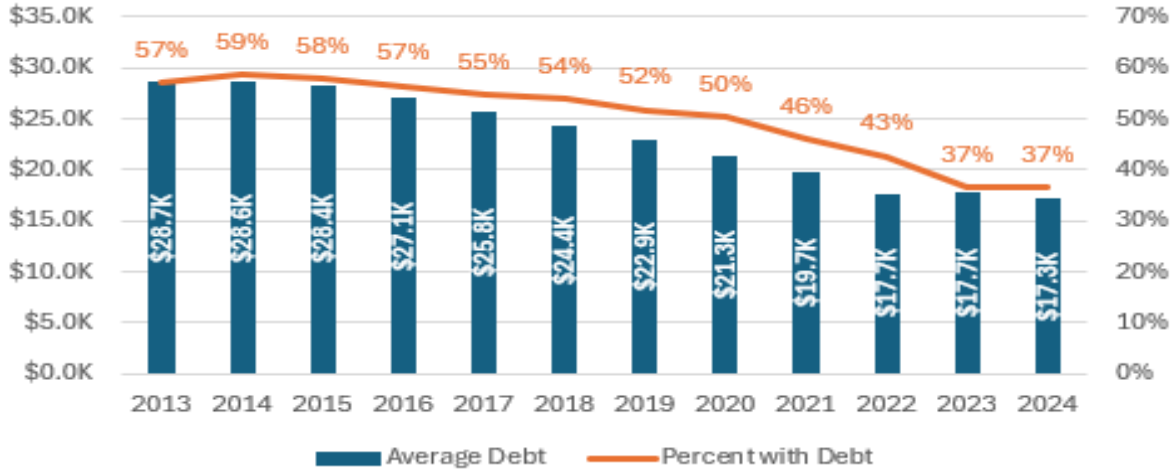
A major concern raised when questioning the value of a degree is the amount of debt students have after they graduate. But for the University of California, 63 percent of UC undergraduates leave with no debt, with the percentage with debt and debt levels declining over time.

This decline results from multiple steps UC has taken to increase affordability including:

- Freezing tuition costs: In fall 2022, UC implemented the Tuition Stability Plan that locked tuition costs for incoming undergraduates, providing cost predictability for families.[9]
- Decreasing other costs of attendance: UC average textbook costs have decreased from $1,101 in 2013 to $391 in 2025.[10]
- Expanding financial aid support: UC institutional aid, State Cal Grant and Middle-Class Scholarship support, and federal Pell grants have helped ensure UC is financially accessible and debt-free for a growing number of students.
- Reducing the time to degree: Since 2018, four-year graduation rates are up six points to 74 percent, and two-year rates are up ten points to 67 percent[11] helping reduce overall degree costs.

Between 2013 and 2024, the percentage of UC graduates leaving with debt fell by 20 percentage points, and the average debt burden declined by $11,500. UC graduates now carry approximately $10,000 less debt than graduates at peer institutions, compared with a gap of about $4,000 a decade ago.

Figure 9. Average student loan debt at graduation and percent with debt among in-state UC graduates[12]



UC considers debt that requires ten percent or less of a student's postgraduate earnings to be manageable. For UC graduates that leave with debt, 86 percent of borrowers fall within the manageable range two years after graduation and that percentage increases to 92 percent by year five. While debt manageability varies by major, the share of graduates whose debt exceeds ten percent of earnings declines from just under 14 percent at two years to eight percent at five years across all majors, consistent with earnings growth over time.

[9] https://admission.universityofcalifornia.edu/tuition-financial-aid/tuition-cost-of-attendance/tuition-stability-plan.html
[10] https://ucop.edu/operating-budget/_files/legreports/2526/uc_multi-year_compact_annual_legrpt.pdf
[11] https://www.universityofcalifornia.edu/about-us/information-center/uc-2030-dashboard
[12] https://www.universityofcalifornia.edu/about-us/information-center/undergraduate-affordability#Debttrend

Figure 10. Debt manageability distribution by field of study – UC systemwide.

	2 years post-graduation				5 years post-graduation			
	No debt	1–5% of earnings	5–10% of earnings	>10% of earnings	No debt	1–5% of earnings	5–10% of earnings	>10% of earnings
All Majors	**45.5%**	**24.7%**	**16.0%**	**13.8%**	**44.0%**	**34.4%**	**13.7%**	**8.0%**
Arts & Humanities	42.6%	19.1%	17.3%	21.0%	41.9%	28.2%	16.8%	13.1%
Social Sciences	42.1%	24.4%	17.7%	15.8%	40.7%	34.6%	15.7%	9.0%
Business	48.5%	28.9%	15.2%	7.3%	47.0%	38.3%	10.9%	3.8%
Physical Sciences	47.2%	25.7%	15.5%	11.6%	45.5%	35.8%	12.8%	6.0%
Eng. & Comp Sci	51.3%	33.0%	10.8%	5.0%	50.3%	40.3%	7.0%	2.4%
Life Sciences	47.4%	21.3%	16.5%	14.8%	44.5%	32.3%	14.3%	8.9%
Other Majors	46.9%	25.1%	15.8%	12.3%	45.5%	34.3%	13.1%	7.2%

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

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

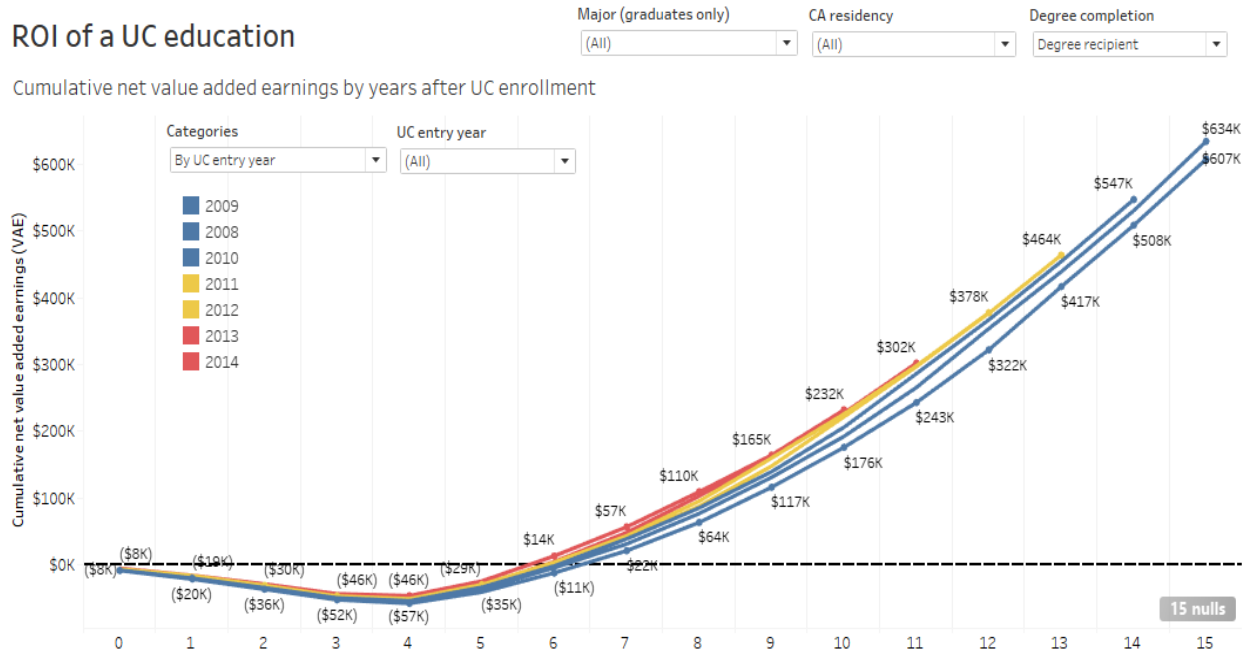
A UC degree pays for itself quickly and delivers strong long-term returns across all majors

The Washington Post recently reported on a study by the Postsecondary Education Commission using data from Texas found that college graduates still enjoy a significant wage premium over those without a college degree, but it takes several years to fully materialize.[13] UC Office of the President's Institutional Research & Academic Planning (IRAP) simulated this analysis for UC students, specifically comparing graduates' earnings to out of pocket costs for a UC degree (e.g., tuition, fees, and books net of financial aid) plus the opportunity costs of forgone wages of high school graduates while enrolled.

- On average, it takes six years after enrolling (compared to after graduating) for UC bachelor's degree recipients to break even.
- By year 15, cumulative net value-added earnings for UC bachelor's degree recipients are more than $600,000.
- The net value added of a UC degree has increased over time with more recent entering cohorts experiencing more value added than cohorts from 2010 and prior years

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

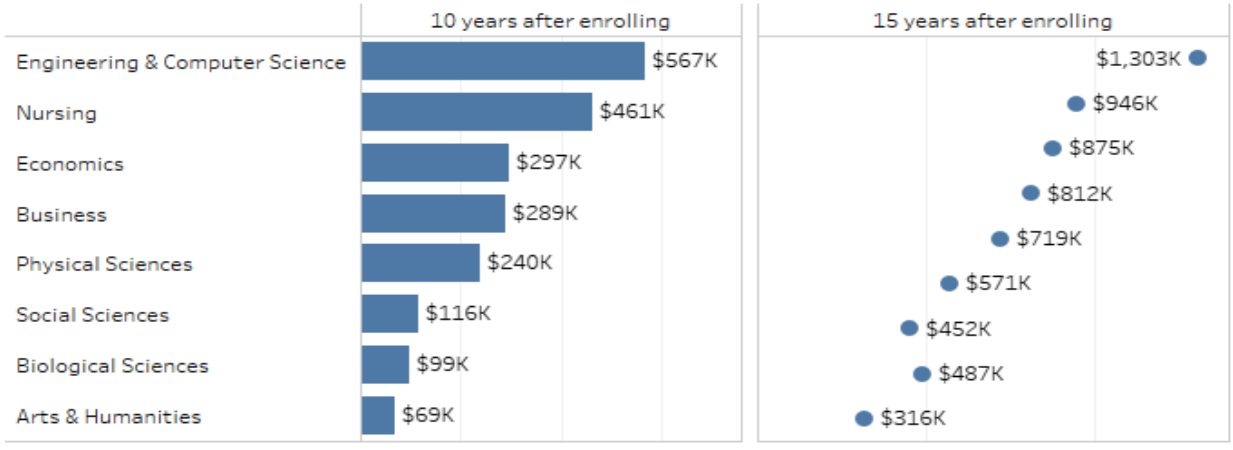
Figure 11: Cumulative net value added earnings by years after UC enrollment



Source: California EDD, UC Student Financial Support, American Community Survey data.

The break-even point varies by discipline. Engineering and Computer Science, and Nursing bachelor's degree recipients break even five years after enrolling at UC, Economics, Business, and Social Science by year six, and Arts and Humanities and Biological Science by year eight. Figure 12 also shows the cumulative net earnings by discipline/program ten and fifteen years after initially enrolling at UC, with a range of $316,000 for Arts and Humanities majors to $1.3 million for Engineering and Computer Science majors by year 15.

Figure 12: Cumulative net value added earnings 10 and 15 years after enrolling at UC



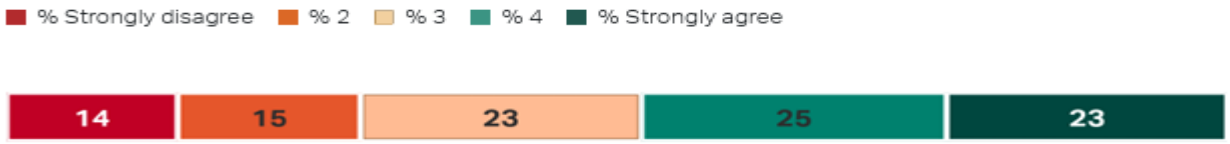
Source: California EDD, UC Student Financial Support, American Community Survey data.

EMPLOYERS CONTINUE TO PREFER COLLEGE GRADUATES, BUT CITE GAPS IN SKILLS AND WORKFORCE READINESS

In 2026, Gallup, in collaboration with the Lumina Foundation, surveyed 2,000 U.S. employers[14] about higher education. In short, Gallup's findings indicate employers still value higher education and expect degrees to remain important in hiring decisions, but they also note difficulty finding candidates with the skills they needed, and recent college graduates required a significant amount of training to be successful over time.

Despite questions surrounding the value of a college degree, nearly half of employers reported most of their jobs will require a college degree to be successful. In addition, almost three quarters reported that a college degree would be as or more important in the next five years, with 27 percent reporting it more important.

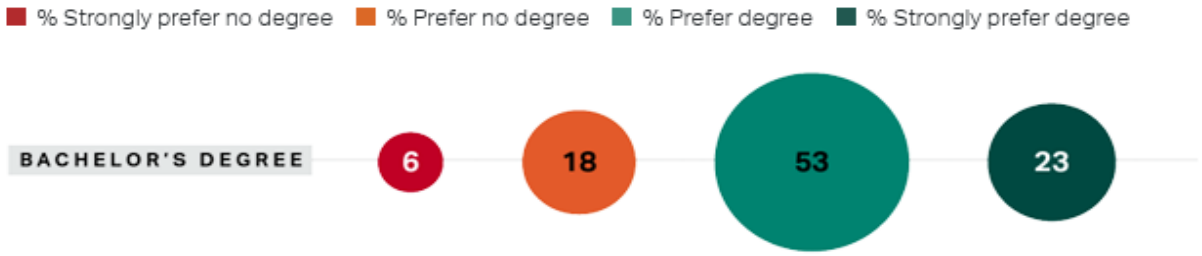
Figure 13: Employer responses to statement "Most jobs at my business require a college degree to be successful"



Source: 2026 Gallup survey of employers

Nationally, questions are growing about whether college degrees are necessary for jobs that have traditionally required them. Nearly one-quarter (23 percent) of employers report removing degree requirements from some positions over the past three years, and another 20 percent are reviewing such requirements. Still, employers continue to value college credentials; about three-quarters say they prefer candidates with a bachelor's degree, even for positions where a degree is not required.

Figure 14: Employer preference for candidates' educational background, regardless of degree requirements



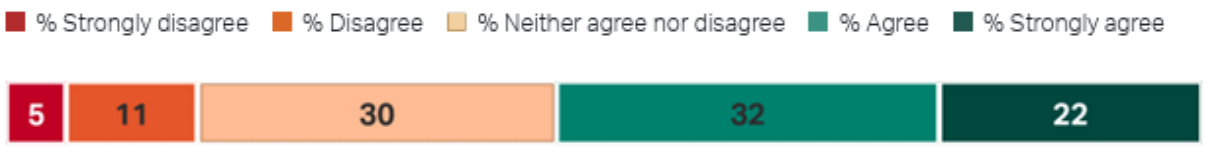
Source: 2026 Gallup survey of employers

While employers continue to value college degrees, many report concerns about graduates'

[14] https://www.luminafoundation.org/wp-content/uploads/2026/03/Lumina-Foundation-Gallup-SOHE_Employer-Report.pdf

workforce readiness. Only 54 percent believe U.S. colleges and universities are producing graduates with the skills their businesses need. As a result, nearly seven in ten employers say recent graduates require a moderate or great deal of additional training and skill development after being hired, including one in five who report a great deal is needed.

Figure 15: Employer responses to statement "Colleges and universities in the United States are graduating students with the skills and competencies that my business needs"



Source: 2026 Gallup survey of employers

THE TRANSITION FROM COLLEGE TO CAREER IS GROWING MORE CHALLENGING

The value of a college degree—particularly a UC degree—remains strong, but the landscape facing graduates is changing rapidly. Recent graduates are encountering a more challenging transition into the workforce as employers slow entry-level hiring against the backdrop of expanding artificial intelligence (AI) adoption, and policymakers place increasing emphasis on the early economic returns of postsecondary education. Together, these trends are reshaping expectations for higher education and increasing attention to how colleges prepare students for an evolving labor market.

Entry-level hiring has slowed in some industries as employers respond to economic uncertainty, policy changes, rising costs, and evolving workforce strategies. Some economists attribute the decline in entry-level opportunities to the labor market's "low-hire, low-fire" dynamics, with employers hesitant to expand their workforce and workers reluctant to leave the security of their current jobs. Workforce reductions have also occurred across sectors, including major private employers and the public sector, particularly within the federal government.

AI is transforming both hiring practices and workforce needs. AI-powered tools allow job seekers to submit more applications, increasing the volume of candidates that employers must evaluate and contributing to greater use of AI in recruiting and screening. At the same time, advances in AI are enabling some employers to automate routine tasks often performed by entry-level workers, potentially reducing demand for certain entry-level roles or functions. The entry-level workers that employers do seek are increasingly expected to bring AI proficiency to the job, with a recent Brookings study[15] showing that job postings mentioning AI skills have grown at an average annual rate of 29 percent over the past decade. Some organizations are also redirecting resources from workforce expansion toward investments in AI technology and related infrastructure. The rapid pace of AI development and the uncertainty surrounding its long-term

[15] https://www.brookings.edu/wp-content/uploads/2025/06/Mapping-AI-readiness-final.pdf

impact on businesses make it difficult for recent graduates to know which skills, tools, and experiences will be most valued by employers. However, graduates who have experience using AI tools are likely to have a competitive advantage over those without similar exposure.

Furthermore, federal oversight is increasing for college majors that do not provide an early return on investment. The Student Tuition and Transparency System (STATS) would make the earnings premium the new accountability standard. Institutions would have to report program-level data, including tuition, fees, and financial aid such as grants and scholarships, so the Department of Education could calculate a revised earnings premium measure. Programs that fail this measure in two of three consecutive years would lose Direct Loan eligibility.

FUTURE ISSUES FOR THE UNIVERSITY OF CALIFORNIA

Communicating UC's return on investment is essential but not sufficient. UC must continue to adapt to support UC graduates and California workforce needs.

Recent trends suggest the labor market may be evolving more rapidly than academic programs can typically adapt, requiring universities to respond to emerging workforce needs, including the growing influence of artificial intelligence (AI) on entry-level work. Yet the pace of technological change and uncertainty about AI's long-term impact make it difficult to predict what skills employers will ultimately value. While AI's future role remains uncertain, graduates will benefit from both strong disciplinary expertise and an understanding of how AI is being applied within their fields.

AI literacy and fluency will likely look different across disciplines, but may include using AI tools effectively and responsibly, critically evaluating machine-generated outputs, and applying human judgment, creativity, and subject-matter expertise.

For UC, determining how AI should be incorporated into different disciplines will require balancing AI competency with mastery of underlying subject matter. Because AI applications and workforce expectations vary by field, universities may need to pursue different approaches across programs, including supplemental training or certifications, while broader curricular integration continues to evolve.

The Office of the President (UCOP) is expanding its reporting and analytical capabilities to provide academic programs, career centers, students, and alumni with more comprehensive information on alumni outcomes and labor market trends. As part of this effort, Institutional Research and Academic Planning (IRAP) is incorporating labor market data into the five-year academic planning process to help campuses assess how proposed areas of growth align with workforce demand.

Leveraging enhanced data from the California Employment Development Department and Lightcast, IRAP will develop new reporting on job opportunities, skill requirements, and career pathways. These insights can help academic programs align curricula with workforce needs and

support campus efforts to expand experiential learning and work-based opportunities for students.

UCOP is also using these data to analyze earnings, debt-to-earnings ratios, and return on investment by academic program. This information can help identify programs that may face challenges under gainful employment and financial value transparency reporting requirements, while also informing strategies for targeted financial aid and student support. Ultimately, these efforts can help ensure UC graduates continue to achieve strong economic outcomes with manageable levels of debt.

CONCLUSION

A UC degree remains one of the strongest educational investments available to Californians. Despite a more challenging transition from college to career and increasing scrutiny of higher education outcomes, UC graduates continue to achieve a strong earnings trajectory, upward mobility, manageable debt levels, and substantial returns on their educational investment. At the same time, the changing nature of work, the growing influence of artificial intelligence, and evolving employer expectations underscore the need for continued adaptation. By maintaining affordability, strengthening career preparation and employer engagement, and equipping students with the skills needed to succeed in an evolving economy, UC can continue to deliver exceptional value to students while fulfilling its mission to serve California.

KEY TO ACRONYMS

AI	Artificial Intelligence
CSU	California State University
EDD	Employment Development Department
IRAP	Institutional Research and Academic Planning
PPIC	Public Policy Institute of California
ROI	Return on Investment
STATS	Student Tuition and Transparency System
UCOP	University of California Office of the President
UCUES	UC Undergraduate Experience Survey