

UNIVERSITY OF CALIFORNIA, MERCED

2013 LONG RANGE ENROLLMENT PLAN (LREP) NARRATIVE

INTRODUCTION

The request for an updated Long Range Enrollment Plan (“LREP”) comes at a critical time in UC Merced’s development. As part of our journey toward recognition as a highly respected research university, a strategy for sustaining enrollment growth in a challenging state budget climate, especially for capital projects, is fundamental to the campus’s success.

There are two distinct paths forward for UC Merced that are described in greater detail in this plan. One path allows the campus to grow to 10,000 students by 2020 while the other has enrollment stopped at 7,200 because of the lack of space to support growth in enrollment, faculty and staff.

In less than a decade, UC Merced has become the embodiment of the mission of the University of California to provide access to eligible California resident students. With 99 percent of its undergraduates from California--more than a third from the San Joaquin Valley--and as one of the two UC campuses (the other being UC Riverside) with the most ethnically diverse undergraduate student body, UC Merced continues to be a testament to the state and the University of California’s intention to support the citizens of California and this underserved region.

UC Merced’s educational and economic impact continues to grow as the faculty’s research contributes to knowledge and innovations that improve the livelihood of communities in the region as well as the rest of the state. In the campus’s short history, a remarkably successful research portfolio has been established. The campus has committed to investing strategically in a focused set of research areas with the greatest potential of gaining attention and prominence nationally. Additional investment in UC Merced ensures the impact of the campus on the Valley and the state, as first envisioned for the 10th campus, will be fulfilled while we continue to serve a growing population of academically talented undergraduate and graduate students from low-income, first-generation and ethnically diverse backgrounds.

The campus also has set as a major priority to increase our graduate students to 10 percent by 2020 and 12 percent by 2023. To do so, we will need to develop a financial model that includes a range of funding sources and takes into account the balance between the growth of undergraduate and graduate students. These overarching goals will be achieved utilizing a carefully vetted integrated planning process that takes into account strategic enrollment, fiscal and resource issues as well as campus physical development. As part of UC Merced’s planning process, the campus is undertaking a new approach to overall space needs required to serve 10,000 students, along with faculty and staff. The campus is

exploring various means to deliver and finance the development of critically needed facilities in order to continue to develop its graduate programs and research capabilities and to ensure undergraduate success. However, without additional capital development, UC Merced will not have sufficient space to achieve these goals.

UC MERCED HISTORY

When UC Merced, the nation's first doctoral research university of the 21st century, officially opened in fall 2005, the campus enrolled 825 full-time equivalent (FTE) undergraduates (84 percent freshmen and 16 percent transfers) and 38 FTE graduate students supported by 45 ladder-rank faculty, 23 lecturers and 409 staff members.

Three schools (Engineering, Natural Sciences, and Social Sciences, Humanities and Arts) were in place. Eight majors were offered at the undergraduate level in addition to five independent-studies graduate programs. Graduate students could select an emphasis in Environmental Systems, Atomic and Molecular Engineering, Quantitative and Systems Biology, Social and Cognitive Sciences or World Cultures. Currently, UC Merced offers 21 majors, 22 minors, five Ph.D./masters' programs and seven graduate-level independent studies programs that are in various stages of becoming stand-alone programs.

Initial on-campus housing accommodated 586 students. The only buildings operational at campus opening in 2005 were the Valley Terraces Housing and Dining, the Kolligian Library and the Central Plant. The Classroom and Office Building and the Science and Engineering Building opened the following year. Additional research space was provided at Castle Commerce Center in Atwater and much-needed office space was leased in the Mondo Building in downtown Merced.

The opening of new student residential housing buildings in 2007, 2008 and 2010 allowed UC Merced to accommodate more than 1,500 students on campus. The campus now includes the Classroom and Office Building (2006), Science and Engineering Building (2006), the Joseph Edward Gallo Recreation and Wellness Center (2006), Facilities Building (2007), Academic Office Annex (2008), Early Childhood Education Center (2009), Social Sciences and Management Building (2010) and the Student Activities and Athletic Center (2012). Four additional projects are now in construction: two academic buildings, one housing building and one infrastructure project. With completion of the current housing project, UC Merced will have more than 2,100 students living on campus in Fall 2013. A fifth project, the Classroom and Academic Office Building, is in the construction documents phase and will soon receive construction funding.

Since opening, UC Merced has grown by an average of 744 FTE students per year and ended the 2012-13 academic year with an annualized FTE of 5,953. The campus consistently exceeded the growth targets established in the 2008 LREP and enrollment growth expectations established in the Memorandum of Understanding between UCOP and UC Merced in 2010.

Charts 1 and 2 display the growth of UC Merced’s annualized (fall/spring/summer) FTE enrollment since the campus opened in Fall 2005. The charts compare annualized FTE enrollment over the past five years with the target annual budgeted enrollments reflected in the 2008 LREP.

CHART 1. UC MERCED ENROLLMENT HISTORY, COMBINED RESIDENT AND NON-RESIDENT FULL TIME EQUIVALENT (FTE)

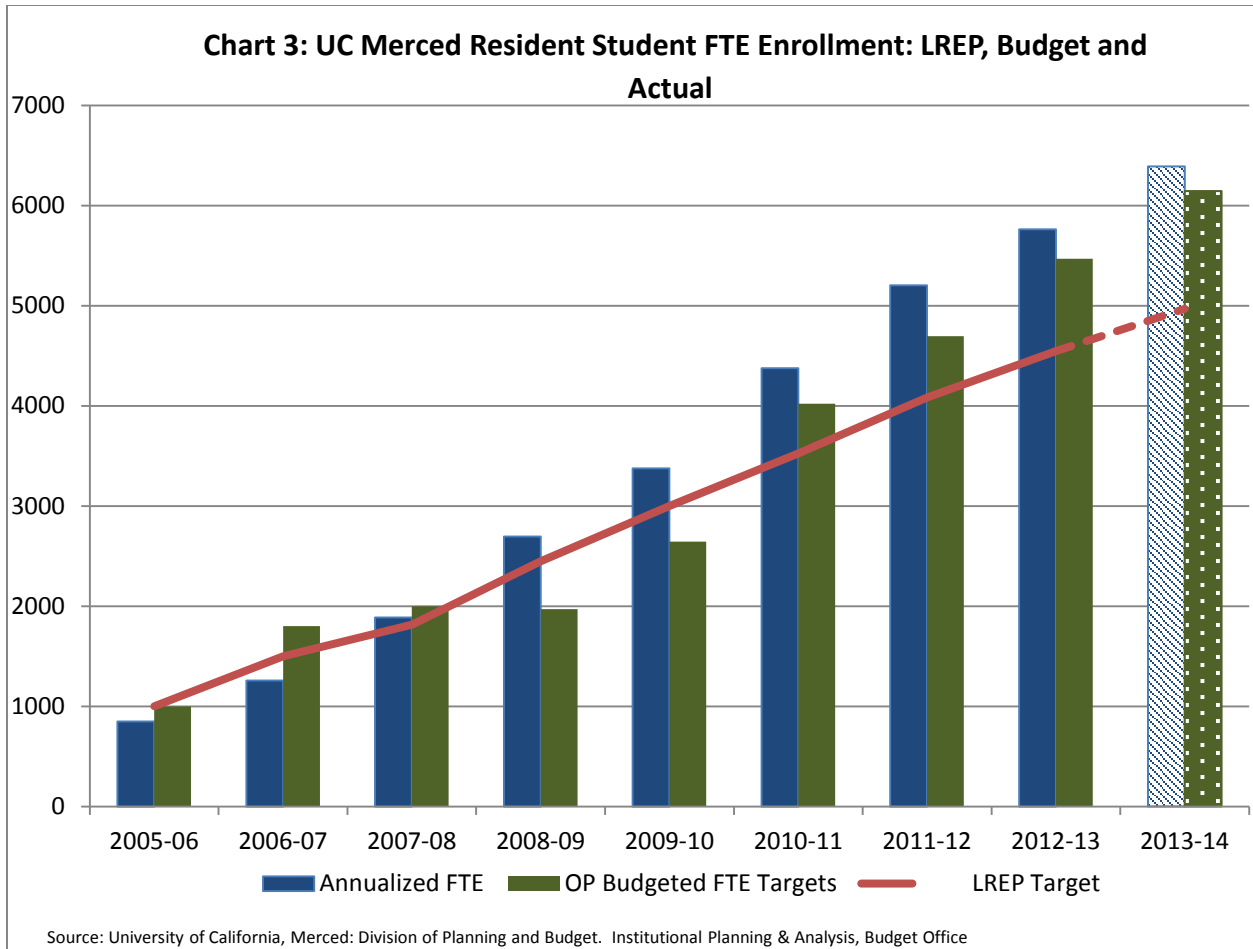
Annualized Enrollment (FTE)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Undergraduate	825	1,191	1,823	2,595	3,253	4,253	5,065	5,619
Graduate	38	78	127	190	235	244	259	334
Total Annualized Enrollment (FTE)	863	1,269	1,950	2,785	3,488	4,497	5,324	5,953
FTE Growth	863	406	681	835	703	1,009	827	629

CHART 2. UC MERCED ENROLLMENT HISTORY, RESIDENT (FEE-PAYING) FULL TIME EQUIVALENT (FTE)

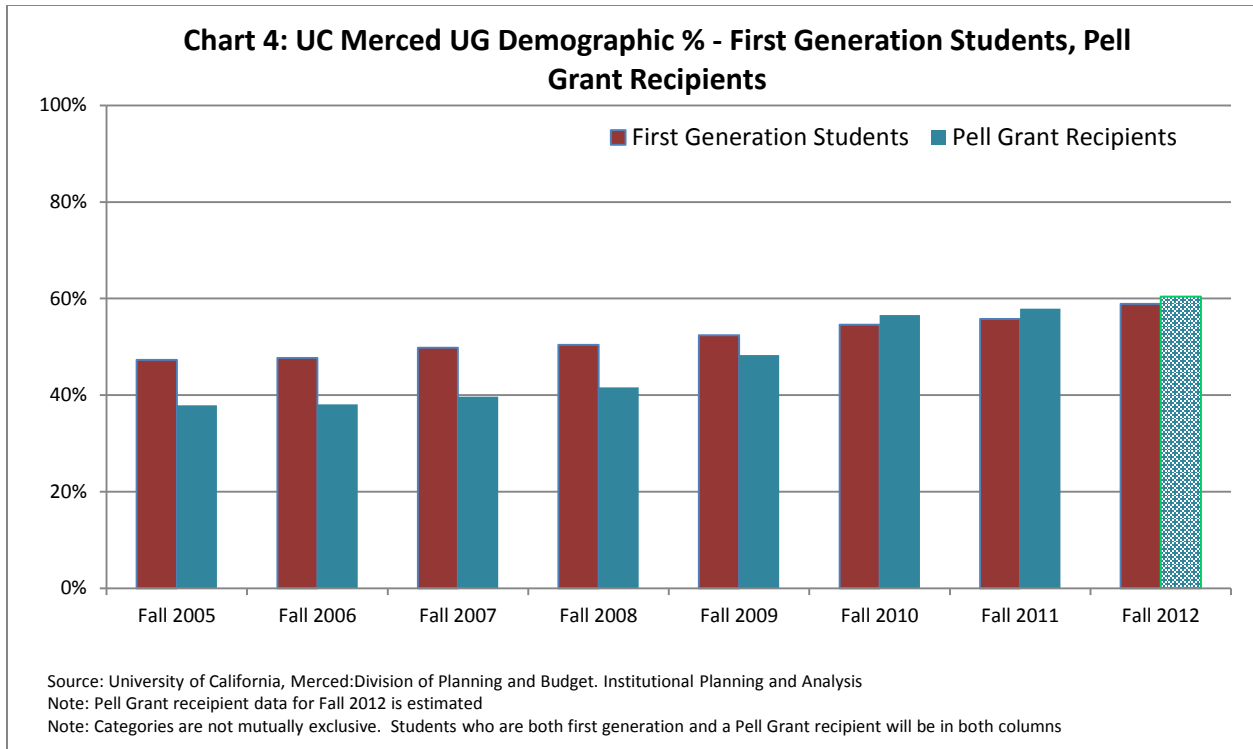
Annualized Enrollment (FTE)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Undergraduate	816	1,201	1,807	2,575	3,242	4,252	5,037	5,562
Graduate	34	57	79	120	152	163	168	202
Total Annualized Enrollment (FTE)	850	1,258	1,887	2,695	3,394	4,415	5,205	5,764
FTE Growth	850	408	629	808	699	1,021	790	559
Budgeted Enrollment	1000	1800	2000	1970	2,645	4,020	4,695	5,370
Total Student FTE versus Budgeted Enrollments	-150	-542	-123	+725	+749	+395	+510	+394
2008 LREP State-Supported Targets				2,736	3,418	4,085	4,802	5,374
Total Student FTE versus 2008 LREP Targets				-41	-24	+330	+403	+390

Source: University of California, Merced: Division of Planning and Budget. Institutional Planning and Analysis. IPA Enrollment Table. <http://ipa.ucmerced.edu/docs/campus%20enrollment/FTE%20annualized.pdf>. Minor differences between total FTE enrollments in this table as compared to the sum of the resident and non-resident total FTE in Table II (see appendix) are due to rounding.

As the chart below demonstrates, over the past five years, UC Merced enrollment has significantly outpaced the levels expected in the 2010 MOU and the 2008 LREP.



As Chart 4 indicates, UC Merced serves a large percentage of first-generation and low-income (Pell Grant recipient) undergraduate students. In Fall 2005, 47 percent of undergraduate students were first-generation, and this number rose to almost 6 percent by Fall 2012. Similarly, 38 percent of the undergraduates in Fall 2005 were Pell recipients (students who qualify on the basis of low family income criteria to receive federal need-based grants); by 2011 (latest data available) 58 percent received Pell Grants.



In addition to UC Merced’s educational mission, it is expected that the campus will also serve as an economic engine to the region. A recent (2013) study by the Business Forecasting Center at the University of the Pacific indicated that the San Joaquin Valley’s economic recovery continues to lag behind the Bay Area, but should start to pick up in 2014. After a decade of unemployment in double digits, the Center predicts that the San Joaquin Valley will have unemployment lower than 10 percent by 2017 (current state unemployment rate is 9 percent). The Center credits an expanding staff at UC Merced as one of the “growth drivers” in the San Joaquin Valley.

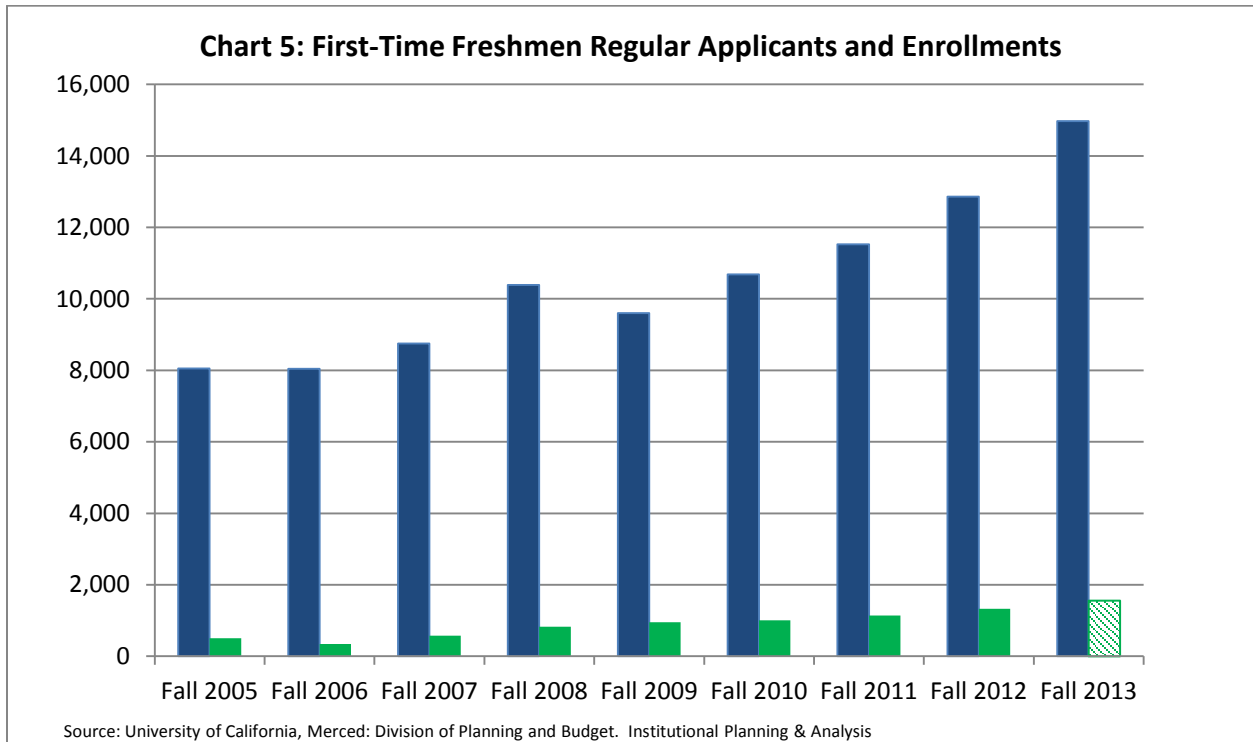
ENROLLMENT MIX

The current UC Merced student body is comprised primarily of undergraduate students (94 percent), the majority of whom entered as first-time freshmen.

In response to our space constraints, Chancellor Leland had set as a target a net new growth of 300 new students for each of the next three years to allow for the construction of the Classroom and Academic Office Building and for the 2020 Project plans (see below for a description of the 2020 Project) to mature. Current analysis indicates that the campus may enroll as many as an additional 300 plus students in fall 2013 because of an increased yield of first year students.

Undergraduate Admissions Selectivity and the Guarantee Pool

The campus continues to increase its visibility and attractiveness to prospective students as evidenced by a 16.6 percent increase in freshman applications from fall 2012 to fall 2013. Compared to other UC campuses, this percentage increase in applications was second only to Santa Cruz. Chart 5 shows the increase in applications and enrollment rates over the past eight years.

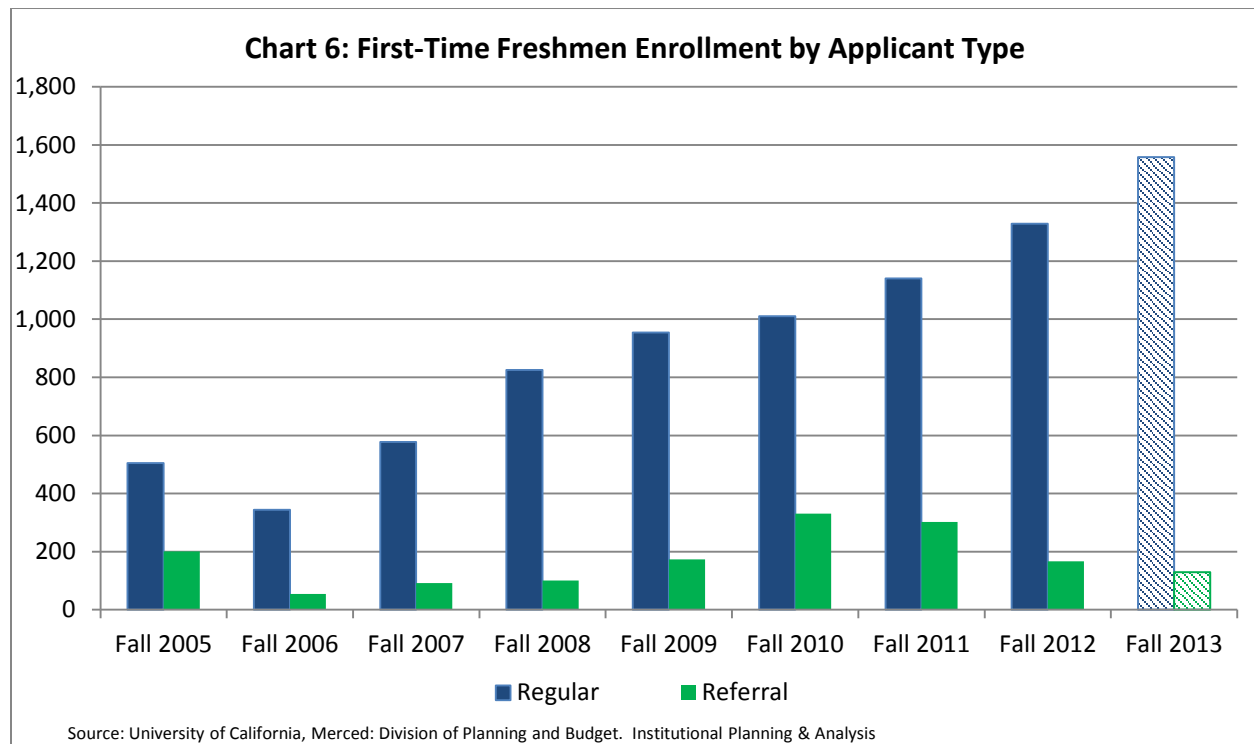


UC Merced is on a trajectory of increasing selectivity. The Office of Admissions began to employ a comprehensive review process in 2012. Admit rates continue to fall from 74.8 percent in 2012 to 65.6 percent in 2013 and yield rates have been climbing for the past several years.

Commitment to the California Master Plan

In the 1960 California Master Plan for Education, the University of California promised a place in the university system for all eligible resident students, defined as the top 12.5 percent of graduates from California high schools. For more than 50 years, the University of California has kept this promise to the people of California. For the past several years the Merced campus has been the only campus to participate in the guarantee (referral) pool.

As other campuses in the system have been increasing their enrollments of non-resident and international students, the size of the guarantee (referral) pool has grown. In fall 2013, the guarantee pool contained 10,300 “eligible” students, up from 9,000 in 2012. These students were not admitted to any of the UC campuses to which they had applied. As we have done in the past, each of them was contacted and offered an opportunity to be considered by the Merced campus.



UC Merced will continue to take as many qualified students as are referred to us as possible, but we cannot continue to be the only campus to participate in the guarantee pool. There are several compelling reasons for this. First and foremost, given our substantial space constraints, the campus cannot provide the classrooms, laboratories and other student-support spaces to accommodate these additional students. The campus is already overenrolled according to the current UC Merced -UCOP MOU.

Second, increasing demand from direct applicants will require the campus to become more selective. Given the relative youth of the campus and the steep growth curve, each new entering class is replacing a smaller class previously admitted, driving down the number of new freshmen seats for at least four more years. As such, UC Merced will have to join the other campuses in the system in turning away significant numbers of eligible students.

Third, the campus has significant differential levels of enrollment by major and at least one major (Biological Sciences) is headed towards impaction. As described below, the campus

is embarking on a strategic academic focusing effort that will shape how it goes forward and will undoubtedly influence the size, quality, and majors of the entering undergraduate cohorts beyond fall 2013.

UC Merced is willing to intentionally cap our out-of-state and international enrollment opportunities so we can continue to admit as many qualified California applicants as are referred to us but only in so far as our space allows. At the same time, we look forward to participating in a system-wide effort to modify the current guarantee pool process so that we, along with other campuses, participate in fulfilling this important goal of the University.

Non-Resident Enrollment

While our primary commitment is to California residents under the Master Plan, UC Merced plans to continue to diversify its enrollment in the coming years. The three stages of that diversification are statewide, (which is essentially completed), regional, (supported by efforts like the Western Undergraduate Exchange) and, finally, international (through the campus's Global Grant program).

The campus joined the Western Undergraduate Exchange (WUE) program of the Western Interstate Commission of Higher Education (WICHE) beginning in fall 2013. This program is a vehicle to generate increasing geographical diversity in our undergraduate enrollment. In addition, the program will help introduce UC Merced to college counselors across the other 14 western states to increase our name recognition and create greater interest in the campus. Each year the campus sets the number and academic requirements for student participation in this program. The current framework limits participation in the plan to 100 non-resident students in each entering class. While the WUE participants receive a tuition discount, we expect that by participating in the program we will, over time, see an increase in enrollment from other students from these states who will pay full non-resident tuition.

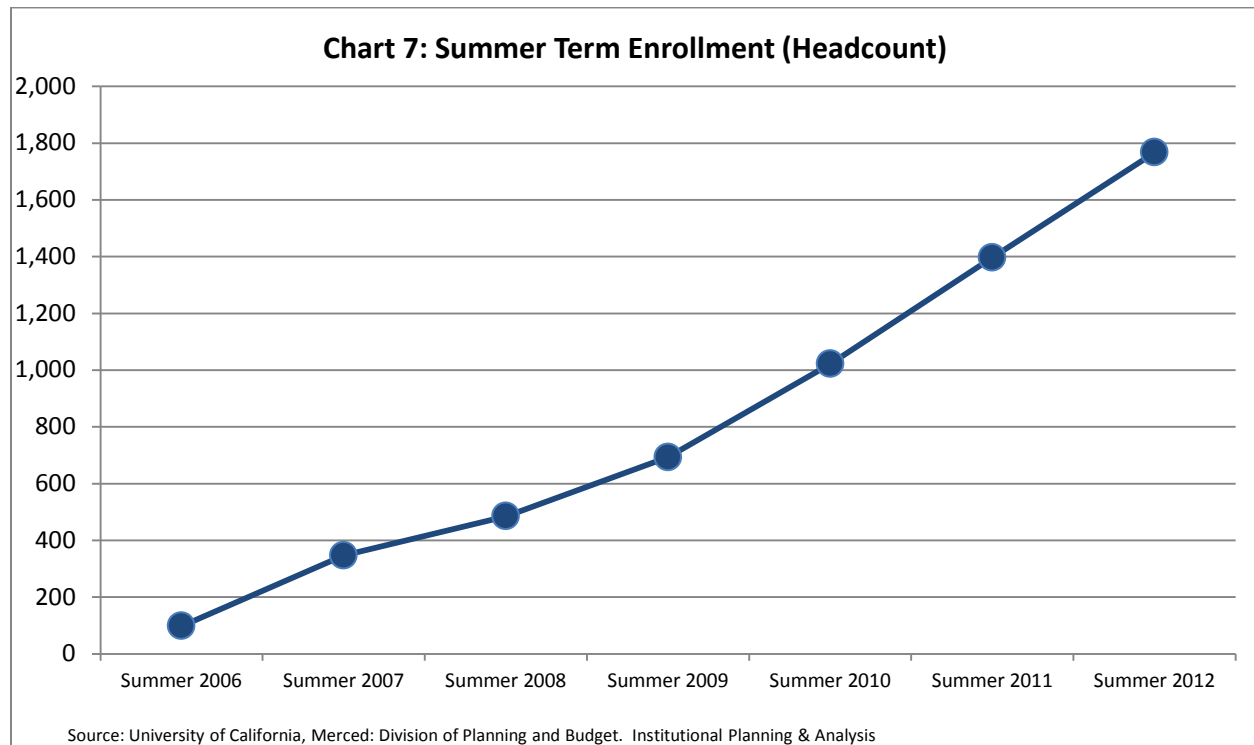
The campus intends to continue its Global Grant program, offering students from around the world a \$5,000 discount from the full tuition, including non-resident fees. While our number of international students is still small, we believe that as the reputation of UC Merced expands around the world, this program will assist us in attracting a small number of qualified international students.

Other Efforts to Optimize Enrollment and Use of Space (Spring and Summer)

This fall, to accommodate both the increase in admissible direct applicants and in the eligible Guarantee Pool, UC Merced joined UC Berkeley in the practice of admitting students directly to the spring term. This year, 159 of our applicants were admitted to the spring 2014 semester.

UC Merced also continues to intentionally and actively expand Summer Session offerings. Summer 2013 saw the implementation of a second six-week session to accompany the existing six and eight-week sessions. The Chart below (Chart 7) shows the growth of

instruction offered in the Summer Sessions since the campus opened. Summer 2013 will enroll more than 2,000 students or just less than one third of the FWS headcount.



GRADUATE EDUCATION

Given our goal of 10 percent academic graduate student enrollment by 2020, and 12 percent by 2023, UC Merced’s overarching plan is to build upon successes to date in developing and establishing robust, quality graduate programs. This section provides an overview of the current state of graduate programs at UC Merced, and one example scenario for how we can achieve our 10 percent goal by 2020. This scenario is a default one, based on projected undergraduate growth, target PhD-to-faculty ratios, proportional growth from our current state, and new and upcoming programs. As noted earlier in this document, the campus is about to undergo a strategic focusing initiative that will inform the academic direction of growth. Thus the default scenario herein is just that.

From the broadest perspective, the 10 percent and 12 percent goals can be achieved if the graduate population grows 15 percent year-over-year till 2020, and then 2023. The population grew by about 20 percent and 15 percent the past two years, indicating that our goals are ambitious, but in line with recent growth.

Enrollment Mix

Currently, there are about 286 enrolled doctoral students and 43 master's students in academic programs (UC Merced does not currently offer professional degree programs). In 2012-13, the distribution of graduate students across disciplines is 49.6 percent (27.6 percent international) in the School of Natural Sciences, 22.5 percent (66.2 percent international) in the School of Engineering, and 27.9 percent (16.3 percent international) in the School of Social Sciences, Humanities, and Arts.

UC Merced is still working through its initial wave of growth in graduate programs. Current CCGA and WASC approved programs include (in chronological order):

- Environmental Systems;
- Cognitive and Information Sciences;
- Quantitative and Systems Biology;
- Psychological Sciences; and
- Chemistry and Chemical Biology.

Three programs currently under various stages of review include:

- Interdisciplinary Humanities;
- Political Science; and
- Applied Mathematics.

Other graduate programs expected to undergo review over the next two years include:

- Electrical Engineering and Computer Science;
- Mechanical Engineering;
- Physics;
- Public Health;
- Biological Engineering and Small-Scale Technologies; and
- Molecular Cell Biology.

In the longer term, academic graduate degree programs have been discussed in the areas of Economics, Sociology, and Management.

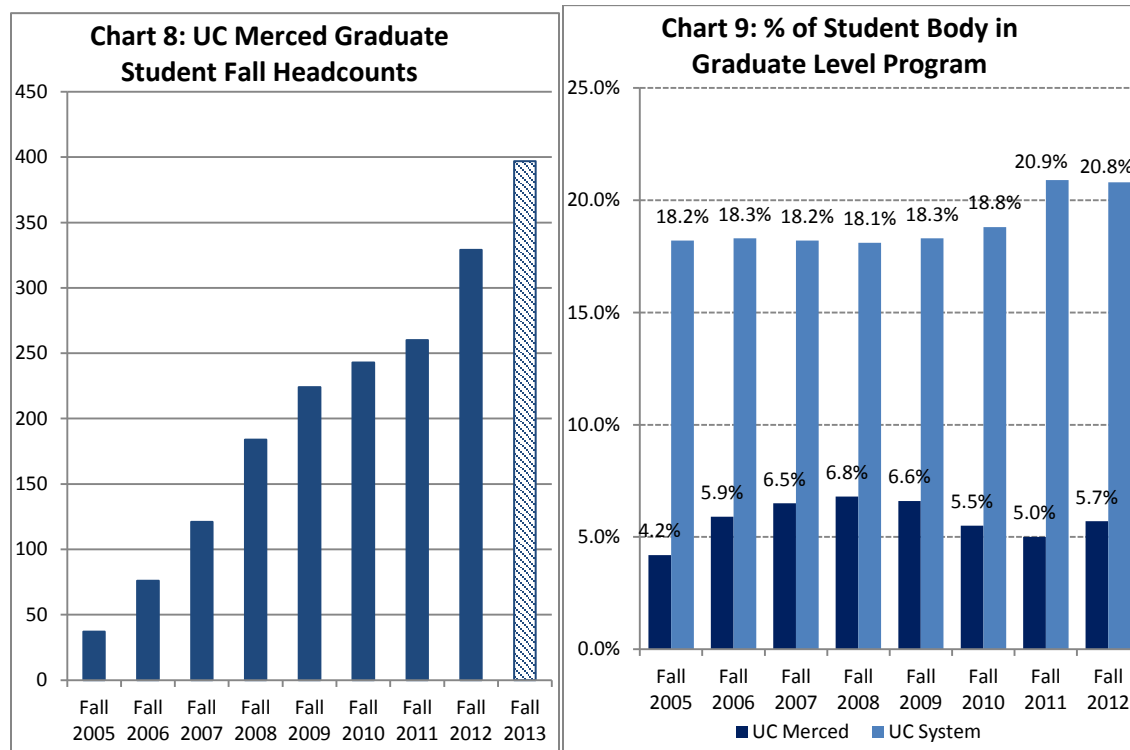
Factors Impinging on Graduate Growth

At this stage in UC Merced's development, the most important factor in graduate student enrollment is the increase in ladder-rank faculty engaged in research and scholarship involving graduate students. For the first time this year, the campus requested proposals for future faculty hires from graduate groups, instead of the bylaw units (UC Merced's academic units). This new process was designed, in part, to emphasize growth in graduate-engaged faculty. A second component of graduate student growth is stipend and tuition

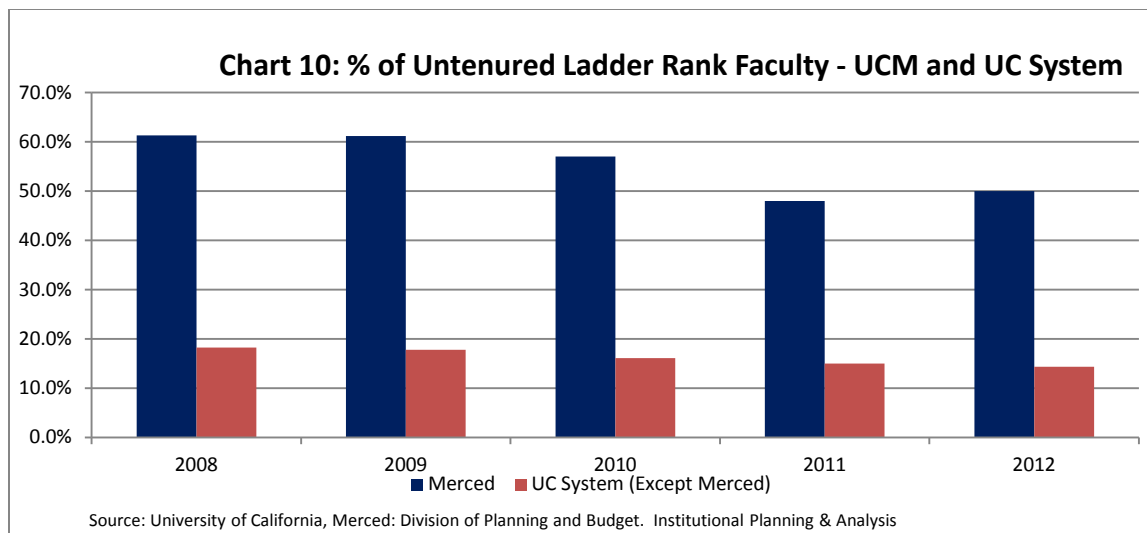
support. The Graduate Division has been working with the campus to develop a stable, transparent model of graduate research and teaching support designed to facilitate graduate student growth and success.

Target rates of growth for graduate programs in our three Schools, for both Ph.D. and master’s students, will be determined during the upcoming strategic focusing effort (see “Planning Process” above). Growth rates will be coordinated with estimates in growth of ladder-rank faculty, research and classroom space, and both internal and external graduate support funds.

While the population of graduate students has grown steadily since UC Merced was opened, it is currently only about 6 percent of the student population. Numerous factors have contributed to this low percentage, but most of them are related to the age and size of the campus. Our graduate programs are small, and have high proportions of non-tenured ladder-rank faculty in the system (see Chart 10). A critical mass of faculty, and balance of faculty at different stages of their careers, is essential to support robust graduate programs with desired PhD-to-faculty ratios and numbers of master’s students.



Source: University of California, Merced: Division of Planning and Budget. Institutional Planning & Analysis.



Up to this point in its development, the campus has focused primarily on growing and establishing its undergraduate programs and population. The campus is now turning more of its attention to growth in graduate programs, motivated by the need to establish UC Merced as a UC-quality research university. The latter is explicit in our current efforts to achieve Carnegie Research-High status in 2015, which is just one of numerous steps toward establishing the campus as a recognized research university. While our strategic academic focusing efforts are likely to alter this assumption, it is unlikely that our more refined projections will significantly alter the overall numerical projections for total numbers of graduate students.

Growth in graduate programs will need to be supported by increased percentages of ladder-rank faculty, particularly tenured faculty. These are the faculty who drive the campus' research efforts, and are typically measured by number of ladder rank faculty, research expenditures, postdoctoral participation, and other research staff.

Graduate Growth Scenario

In response to the LREP exercise, Senate and Administrative Leadership worked together on an example graduate growth scenario, and the resulting projections are shown in the 2013 LREP template. Growth in Ph.D. students is anchored to the LREP-estimated growth in ladder-rank faculty. Growth in ladder-rank faculty per graduate program is based on a default assumption of growing programs equally in proportion to their current approximate numbers of ladder-rank faculty, with some small adjustments based on program age and size, and the need for all graduate programs to achieve a critical mass of faculty members.

Growth in Ph.D. students was based on estimated numbers of Ph.D. students per faculty member in each program, which ranged from 1.5 for small and/or relatively new programs,

to 3.5 for programs with larger current proportions, and/or in disciplines with historically larger numbers of students per faculty member. The mean number of Ph.D. students per graduate group faculty member currently is about 1.8, and the projections have this mean number grow to about 3.0.

Growth in master's programs is based on current master's enrollments, plus adjustments based on program plans and the general assumption that master's program growth will accelerate in the coming years. This assumption is supported by the current enrollment scenario, which shows that significant master's growth is needed to hit the 10 percent and 12 percent targets. Master's programs are assumed to be mostly academic, although it is likely that some may develop into professional and/or self-supporting programs.

This growth scenario, as reflected in the 2013 LREP template, shows one plausible path to our graduate enrollment targets. Senate leadership polled graduate programs about their current needs and challenges, as well as future goals for growth. The reported growth scenario is consistent with Senate goals, except the reported scenario is somewhat more conservative with respect to growth in PhD students. Senate and administrative leadership will continue to discuss various scenarios as the strategic focusing initiative gets underway, and as cost analyses are added to the dialog.

With regards to current needs and challenges in reaching our goals for graduate growth, the Senate poll found that some areas, particularly in the schools of Natural Sciences and Engineering, are not yet receiving enough qualified applicants who fit with the graduate programs as they currently stand. It is also difficult for some programs to compete for the best applicants because of limits and uncertainties regarding student support, such as inability to make multi-year support offers. And regardless of stipend support, current space availability for research and graduate students was judged to be a limiting factor for growth.

The needs and challenges identified by the Senate will be important inputs to the strategic focusing initiative. Current efforts to address them include a stable graduate support model that will allow graduate programs to rely on steady, predictable funding, and plans to hire marketing consultants to help identify, find, and attract qualified students into our graduate applicant pool.

THE CRITICAL INTERPLAY BETWEEN ENROLLMENT AND SPACE

UC Merced's greatest challenge for enrollment growth, both graduate and undergraduate, is sufficient and timely capital development. The campus is faced with a growing gap between the strong student demand for admission and the campus's limited capacity to provide the capital and infrastructure needed to support that demand.

Development of the facilities necessary to accommodate 10,000 students (and the faculty and staff needed to support them) is critical to the success of the Merced campus, its economic viability and to the ability of the University of California to provide access to all eligible resident students.

In March 2009, the UC Board of Regents approved the 2009 LRDP, which set forth a land use plan and principles for the development of a 25,000-student campus by the year 2030. It includes the existing Phase 1 campus developed on the original 104-acre site and envisions the full build out of the campus in three additional phases. The next phase of development is identified in the LRDP as the Phase 2.0 campus (aka the "2020 Project"), which provides for the facilities needed to support an enrollment level of 10,000 FTE students. The 2020 Project includes: academic, administrative, research, and recreational buildings; student residences, student-services buildings; utilities and infrastructure; outdoor recreation areas; and associated roads, parking, and landscaping.

When the Regents adopted the 2009 LRDP during the 2008-09 academic year, the Merced campus served 2,785 FTE students and received 10,891 applications for freshman admission in the 2009-10 academic year. As noted above, student demand to attend the Merced campus continues to grow. In the 2012-13 academic year, the campus is serving 5,953 FTE students, an increase of 114 percent since adoption of the LRDP. In addition, the campus received 17,191 applications for admission for fall 2013 (a 58 percent increase over five years).

To accommodate significant increases in native demand and the UC guarantee (referral) pool, the Merced campus has continued its enrollment growth consistent with the goal of reaching 10,000 students by 2020. At the same time, funding for the campus facilities that are required to serve those students has not kept pace. As investment in academic and research facilities has slowed, UC Merced's capital development program has commensurately slowed. As such, our campus now faces critical space shortages.

In order to mitigate our space shortages, the campus has taken several actions. As described above, we have intentionally grown our summer course offerings and enrollments to better utilize our campus space. Some important administrative and support functions have moved off campus into office space in three different locations in the Merced area. These actions have increased costs for transportation, information technology, and security, and have diverted scarce resources toward off-campus operations including rent. Despite these actions to move staff off campus, availability of specialized

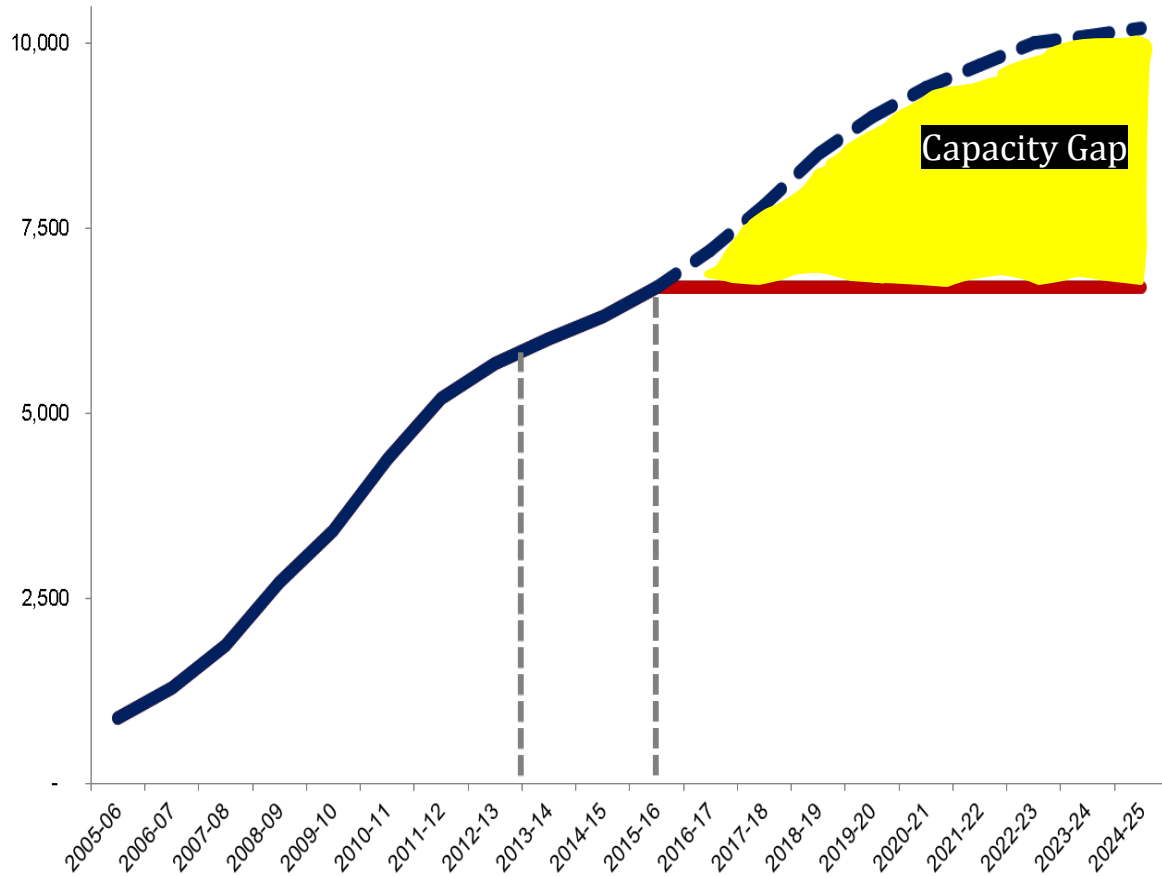
classroom and laboratory capacity remains constrained. For example, campus teaching laboratories and large academic classrooms are over-used and lack availability for high-demand and prerequisite courses, affecting the selection of courses, as well as students' ability to graduate in a timely manner.

The facilities shortage also impacts students in terms of support services and other aspects of student college life. The Merced campus has begun to develop and deploy hybrid distance learning courses, and will continue to develop strategies appropriate for the campus. The campus also lacks many of the student-support and student-life facilities that are commonly found at other UC campuses and in addition to playing a crucial role in attracting and retaining students also contribute to the well-rounded student-life experience. Collectively, the facilities shortage significantly impacts operational efficiency of the campus's academic and administrative operations, and of the overall operating cost structure.

UC Merced is space deficient in CPEC categories for instruction and research space. The need for additional class laboratory space is especially critical. As noted above and in the attached templates, the lack of available classroom space is forcing the campus to slow growth over the next three years while the 2020 Project is finalized to develop, finance and construct new buildings (instruction, research laboratory, office, housing, dining and student-oriented including recreation space) to meet the needs of students, faculty and staff beyond 2015-16. Some of these needs, particularly for student recreation and meeting space, have already been deferred for several years.

As shown in the chart below (Chart 12), without new buildings to meet our space requirements, UC Merced will have no additional capacity to increase enrollment after the 2015-16 academic year. This projection includes the Classroom and Academic Office Building, which has received funding in the recent legislative session.

CHART 11: CAPACITY GAP



Source: University of California, Merced: Division of Planning and Budget. Institutional Planning & Analysis, Capital Planning.

In order to develop the 2020 Project expeditiously, UC Merced and the Office of the President are working together to move development plans forward. Because of the system-wide implications of UC Merced’s space constraints, the chancellor, the UCOP executive vice president of Business Operations and the UCOP chief financial officer have forged a partnership to provide executive-level management of the project. In March 2013, the team presented an item for discussion to the Regents’ Grounds and Buildings Committee, which described the principles for the cost-efficient development of the 2020 Project.

The revised LRDP envisions development of the 2020 Project on 219 acres (versus 355 acres in the original plan). This will minimize the need to develop additional basic infrastructure to accommodate growth. In addition, the 2020 Project will utilize mixed-use development and joint-purpose facilities to ensure the campus can maximize the use of its facilities. Finally, given the need to develop multiple facilities concurrently (i.e., academic and research facilities, housing, dining, parking and other student services), the campus intends to pursue a master-planned development.

In May 2013, the Regent's Grounds and Buildings Committee approved the amendment to UC Merced's 2009 LRDP. The amendment creates a planning framework that identifies a Central Campus District and adds a new "Campus Mixed-Use" designation that would provide greater land flexibility to design and deliver a master-planned development.

As part of the amended LRDP, UC Merced anticipates the next steps:

- Release a Request for Qualifications (RFQ) to identify a "short list" of potential development partners capable of delivering a project of the size and scope of the 2020 Project. The campus anticipates that an RFQ will be released in summer of 2013 and that qualifying firms will be identified in the fall of 2013.
- Confer with the Regents on the qualifying firms, proposed funding approaches and project delivery methods
- Request proposals from qualified firms.
- Review and analyze financing options for the project that include debt capacity and accounting impacts.
- Negotiate the business terms with the selected development partner.
- Request Regents' consideration of any necessary modifications to the campus' Physical Design Framework.
- Request Regents' consideration of project design and proposed business terms. The campus anticipates that the Regents will be asked to consider and approve the 2020 Project in late 2014 or early 2015.
- Commence project construction in early 2015 with delivery of first phase by 2017.

Starting in 2016-17, the ability to grow enrollment consistent with our 2020 Project will depend upon the ability of the campus to deliver the physical facilities necessary to accommodate additional growth. Therefore, all enrollment growth beyond 7,200 students will remain tentative until completion of the first phase of buildings in the 2020 Project.

OVER ENROLLMENTS

Because of UC Merced's significant space challenges, the chancellor has expressed a desire to limit enrollment of California residents as closely as possible to budgeted figures. For

the 2012-13 academic year, UC Merced is projected to be over-enrolled by approximately 500 unfunded students.

It is important that Merced's plans for enrollment growth follow a careful and considered approach, especially in terms of workload funding per student FTE. Given its small size, the campus is not yet able to realize the economies of scale required to absorb growth and instructional needs without additional support. Since the campus opened, state supplemental funding has been required for faculty costs, as well as instructional technology, library materials, and expanded general support needed to fully operate the campus. Providing this additional support -- in the absence of state support -- was the express purpose of the 2010 MOU with the Office of the President and has served the campus well, providing for a strong ladder-rank faculty recruitment plan, funding additional courses and continuing to develop the infrastructure necessary to accommodate a fast growing campus.

The 2010 MOU expires at the conclusion of FY 2013-14. To keep the Merced campus on its intended trajectory continued enrollment growth funding is essential. The campus welcomes an opportunity to discuss the continuation of our funding partnership as soon as possible. We hope this partnership will incorporate support for the continued achievement of our collective operational goals and the development of the capital resources necessary to continue campus development.

PLANNING PROCESS

The Merced campus established a broad and collaborative process to develop this Long-Range Enrollment Plan, involving a coordinating working group that included individuals from the Office of the Provost, the Graduate Division, the Division of Student Affairs, the Office of Planning and Budget and the faculty. This team developed the model and initial draft responses to the questions posed by the Office of the President. Multiple iterations of the drafts of the narrative and templates were circulated to the campus Enrollment Management Council, Divisional Senate and Cabinet for review and comments.

The Enrollment Management Council has been tasked by the provost with implementing an institutionally-integrated approach to managing UC Merced's enrollment. Four subcommittees (Graduate Student Success, Undergraduate Student Success, Instructional Space and Enrollment Management Models) report to the Enrollment Management Council and have clear areas of responsibility and provide feedback regarding these areas to the Council.

Complementing the initiatives underway in the Office of Planning and Budget, the provost has been charged by the chancellor to engage the faculty in a comprehensive academic strategic-focusing effort. Faculty leaders and the administration will develop a process for identifying the programs for which excellence can be dramatically accelerated with strategic investments of faculty lines, space and support. The campus is well aware of the contending forces at play in the political environment and seeks to make most effective use of the limited resources that will be available with reduced enrollment growth over the

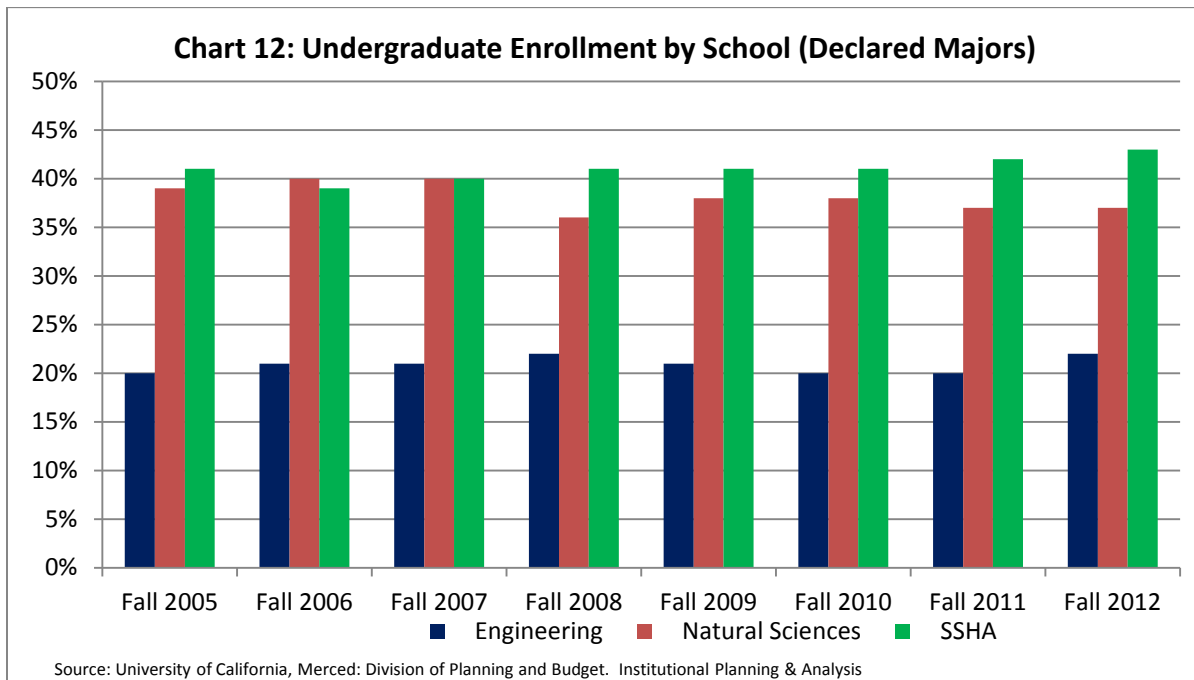
next several years. Even at the point that the 2020 Project is fully realized, campus enrollment will be able to grow to only 10,000 total students. Once the faculty and administration have reached agreement on the process, the campus will view requests for growth and funding of academic programs through this lens. This strategic-focusing effort will shape academic programs, faculty hiring, and the kind of capital development appropriate through 2020.

UNDERGRADUATE

DISCIPLINE MIX AND IMPACT ON ENROLLMENT

Future growth in undergraduate programs will be fundamentally shaped by the results of the strategic-focusing effort. The growth of graduate programs, faculty hiring, and shifts in disciplinary mix also will be shaped by the new comprehensive-planning process the campus is about to launch.

One of the metrics of the MOU with the Office of the President was to increase undergraduate majors and degrees granted in Social Sciences, Humanities and Arts (SSHA) majors relative to Engineering and Natural Science majors. Of students with declared majors, 49 percent of these students are enrolled in SSHA majors.

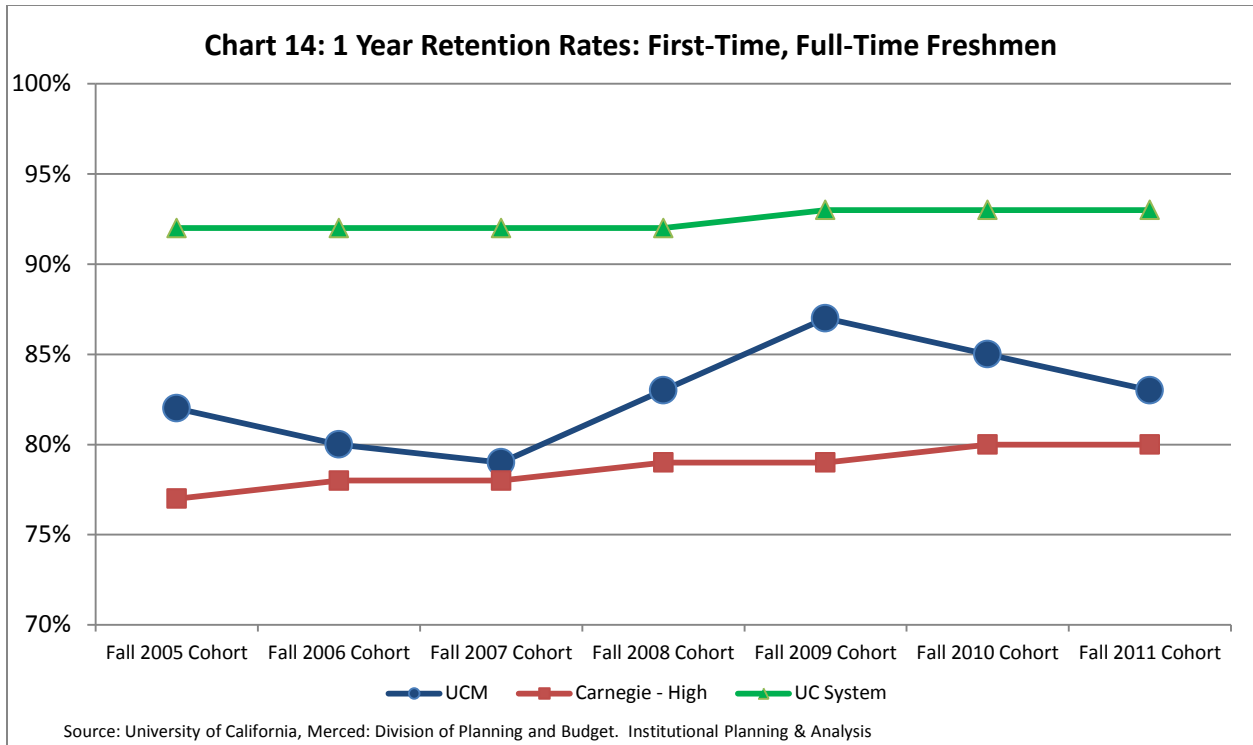


RETENTION RATES, GRADUATION RATES, TIME TO DEGREE IMPACTS ON ENROLLMENT

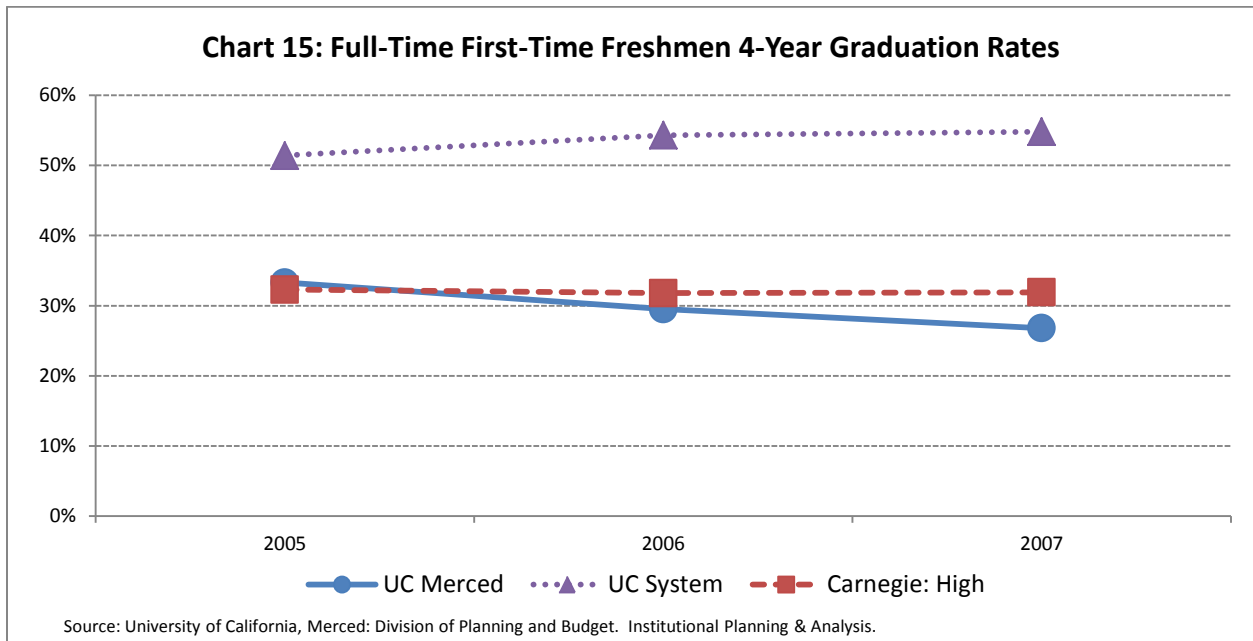
As the chart below illustrates, UC Merced's one-year retention rates from 2005 to present have been fairly consistent. The one-year retention rate for our first cohort (82.3 percent) is approximately equal to the retention rate for the most recent cohort (82.9 percent), and the average retention rate of 82.7 percent for all seven cohorts is between these two numbers. While the retention rate has varied somewhat over the years, with retention rates rising in 2009, the general trend has been fairly flat or perhaps slightly increasing, with the sort of normal variation that would be expected of a rapidly changing start up campus. In addition, UC Merced's one-year retention rates compare well to the average for public institutions in the Carnegie, Research High classification (Chart 14). Multiple factors influence retention rates and the campus has undertaken a series of initiatives to increase retention and graduation rates. Research shows that low-income and first-generation students are more likely to struggle academically and have lower overall retention rates. It is expected that as UC Merced's Enrollment Management Council committee on student success continues to identify factors that impact UC Merced student retention and graduation rates, and as our many other retention efforts mature, the campus will be able to address some of the barriers to success and help more students reach their educational goals. For instance, factors that generally delay graduation include students taking lower-level writing and math courses to reinforce their preparation for college level work, the need to take additional classes when they change majors or declare double majors and the inability to enroll in impacted courses.

UC Merced has been analyzing the 4-year graduation rates using a predictive model developed by Alexander Astin at UCLA. Student input factors were high school GPA, SAT scores, gender and ethnicity. An initial analysis of UC Merced's four-year graduating classes shows that students who start in SSHA majors routinely graduate in four years at higher than predicated rates. Conversely, students who start in engineering, natural sciences or are undeclared their first year at UC Merced graduate at lower-than- predicted rates.

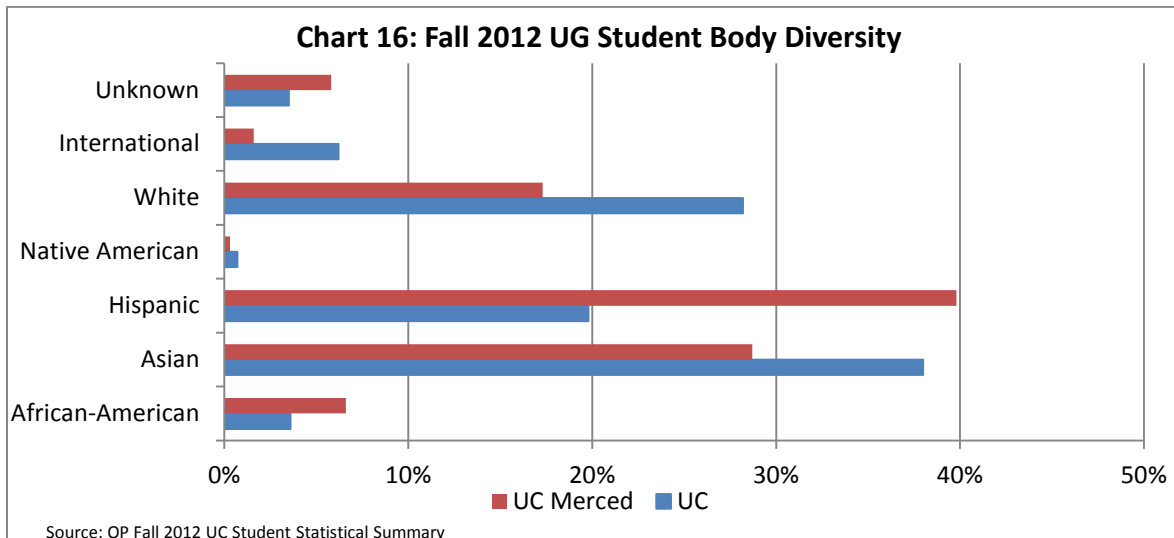
The Enrollment Management Council has taken student success at both the graduate and undergraduate levels as a significant focus of its work going forward. To the extent that incoming students tend to enroll in SSHA majors in greater numbers, it is reasonable to assume that four-year graduation rates will increase. The integrated planning model used for enrollment projections assumes the four-Year graduation rates will be approximately 40 percent by 2020.



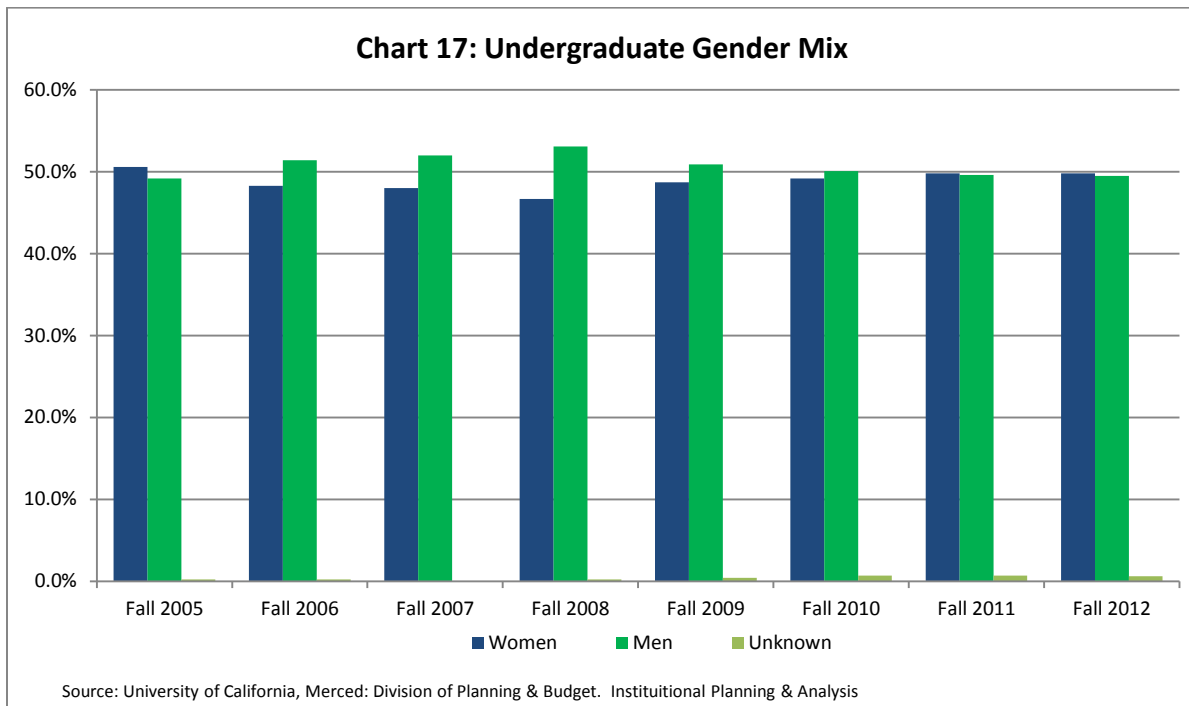
UC Merced first-time, full-time four-year graduation rates have ranged from 27 percent to 34 percent over the last four years. These levels are below UC system-wide averages and represent a clear area in need of improvement. The campus has numerous initiatives underway in the schools and Student Affairs to improve time to degree.



UC Merced enrolls an ethnically diverse undergraduate student body. Compared to the other UC campuses, UC Merced has a higher percentage of Hispanic and African-American students.



The percentage of male and female undergraduate students has been approximately 50-50 for the past several years.



NON-RESIDENT GROWTH

In the past, UC Merced has made limited attempts to recruit non-resident students from across the country and around the world. As an emerging research university, there is a logical progression to expand the campus's market presence from California to the western region, nationwide and then beyond.

As mentioned above, UC Merced has joined the Western Undergraduate Exchange (WUE) program, which is offered through the Western Interstate Commission on Higher Education. (WICHE). Initially, this will be a way to drive awareness of UC Merced and its programs broadly across the 14 western states. This program also enables the campus to focus enrollments of highly-able students into less impacted majors.

Data is being gathered on high schools in other states through a variety of sources, including the College Board, which is informing our recruitment planning for non-resident undergraduates. We are focusing on those schools with populations of students that are likely to attend a smaller UC campus located in a rural area. The campus is investigating ways to increase international student recruitment at the undergraduate level and as a first step plans to target recruitment efforts at US schools and community colleges that enroll large numbers of international students, rather than recruiting directly overseas. We believe this strategy will be more effective and less expensive while the campus is still relatively small.

INTERDISCIPLINARY PROGRAMS

Given that all of UC Merced's graduate programs are relatively new, many of the programs created thus far are explicitly multi/interdisciplinary:

- Environmental Systems
- Cognitive and Information Sciences
- Quantitative and Systems Biology
- Interdisciplinary Humanities
- Biological Engineering and Small-Scale Technologies

It is natural for newly formed and forming graduate programs, at a small but growing campus, to develop connections with multiple disciplines. Most large funding agencies have increased their investments in multi/interdisciplinary research, and collaborations are intrinsically facilitated when faculty members from disparate areas have more opportunities to work and talk together. Therefore, we expect the trend towards multi/interdisciplinary programs will continue at UC Merced.

EDUCATION ENROLLMENTS

UC Merced entered into an agreement recently with Fresno Pacific University, which now offers courses in Merced, to offer credential programs for UC Merced students who are interested in teaching careers. In addition, education-related research projects can be found in various graduate programs in the School of Social Sciences, Humanities and Arts. The development of graduate programs in education may be discussed as part of the strategic focusing effort (see “Planning Process” above).

SELF-SUPPORTING PROGRAMS

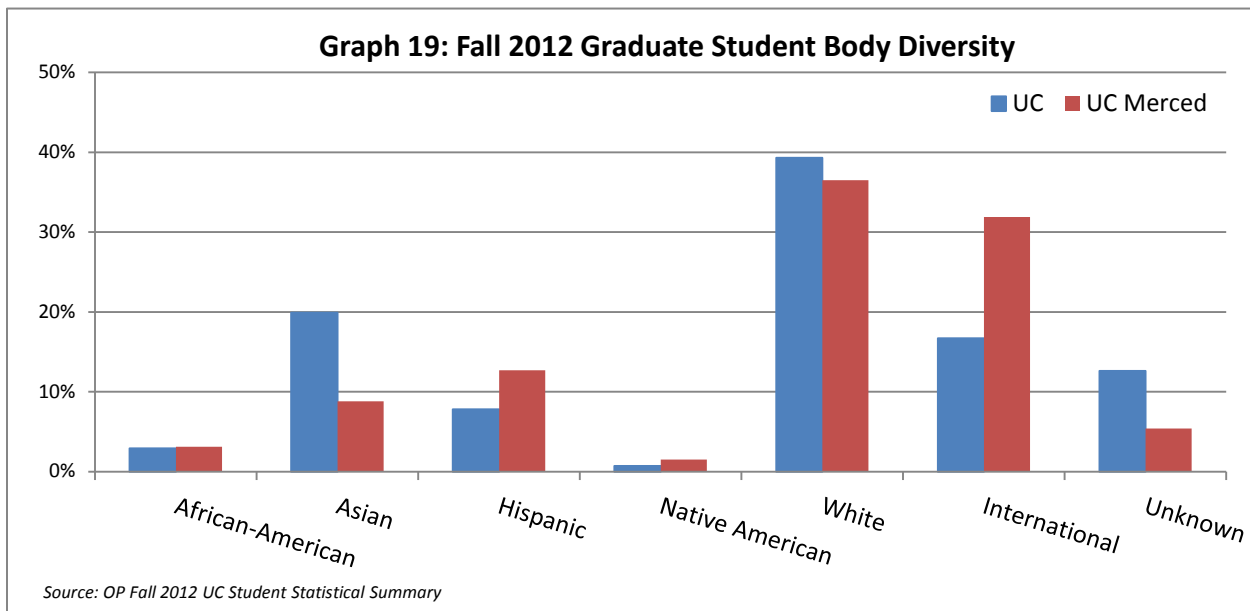
UC Merced has no self-supporting programs (SSPs), nor plans at this time to develop them. However, the Graduate Division has been monitoring the growth of SSPs on other campuses, and gathering information about the opportunities and challenges they pose.

PROFESSIONAL DEGREE SUPPLEMENTAL TUITION

Professional degree programs in engineering and management have been discussed although they are not planned in the near term. The programs are envisioned to target returning students who desire additional engineering or management training after being out in the workforce for several years.

GRADUATE DIVERSITY

UC Merced currently enrolls a higher proportion of Hispanic graduate students compared to other UC campuses, as well as a higher proportion of international graduate students. With respect to gender, 60 percent are male compared with 54 percent at other UC campuses. The campus actively participates in graduate diversity efforts such as the UC LEADS and CAMP programs, and recruits from sources of diverse graduate applicants, including many of the UC summer research programs. Also, UC Merced offers graduate fellowships that highlight diversity, like the Miguel Valez and Eugene Cota-Robles fellowships. Our enrollment plan may further enhance graduate diversity, to the extent that growth is targeted in disciplines with higher-than-average proportions of students from under-represented minorities.



HEALTH SCIENCES

Health-related research can be found in all three schools at UC Merced. Much of this work falls under the umbrella of our Health Sciences Research Institute (HSRI) established in 2012, which has an overarching goal to improve the health of people in the San Joaquin Valley, the state, and beyond. Three specific developments in health sciences are the UC Merced San Joaquin Valley Program in Medical Education (PRIME), public health, and molecular cell biology programs.

PRIME is a medical educational program designed to prepare physicians to work in the San Joaquin Valley and is a joint collaboration between UC Merced, UC Davis and UC San Francisco Fresno. There are 11 students enrolled in the PRIME program.

Public health is one of our most popular minors at the undergraduate level. An undergraduate major and a graduate program in public health are being developed in SSHA. In our School of Natural Sciences, a graduate program in molecular cell biology is being developed. Both programs will be core components of HSRI.

ONLINE EDUCATION

UC Merced has only a single hybrid course (Math 5) which combines online learning with face-to-face instruction. In spring 2013, the provost appointed an advisory committee (Task Force for Online Education) to address online and distance learning. This group is charged with developing the policies and administrative processes for how UC Merced will move forward with online education.

The task force, under the leadership of Vice Chancellor Samuel Traina, is using three broad questions to frame its deliberations:

1. Independent of who authors the online courses, what role might online or hybrid courses play in the degree programs of our undergraduate students?
2. What will be the role of UC Merced faculty in preparing and presenting these online courses?
3. What are the important intellectual property considerations for online development, implementation and dissemination, and how should UC Merced deal with those considerations?

CLOSING SUMMARY

UC Merced's 2013 Long Range Enrollment Plan presents two paths the campus faces: the path that allows the campus to grow to 10,000 students by 2020 or the path that stops growth at about 7,200 students until the capital inventory expands to support greater enrollment, faculty, and staff growth.

The attached templates show campus enrollment growth through 2020, but the years 2016-2020 are shaded in blue because UC Merced's ability to reach these targets are in jeopardy unless the 2020 Project is realized.

	Projections															
	13-14		14-15		15-16		16-17		17-18		18-19		19-20		20-21	
	FWS	Summer	FWS	Summer	FWS	Summer	FWS	Summer	FWS	Summer	FWS	Summer	FWS	Summer	FWS	Summer
General Campus (GC)																
Undergraduate (UG) Enrollment																
Undergraduate Resident	5686	482	5619	554	5836	627	6247	699	6685	771	7304	843	8014	916	8601	988
Undergraduate Nonresident	40	5	40	6	41	6	44	7	48	8	52	9	57	9	61	10
Total Undergraduates	5726	487	5659	560	5877	633	6291	706	6733	779	7356	852	8071	925	8662	998
Postbaccalaureate Resident ⁽¹⁾	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Postbaccalaureate Nonresident ⁽¹⁾	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Postbaccs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UG planned FWS Enrollments above targeted ⁽²⁾																
Graduate Enrollment																
Graduate Academic - Master's	53	0	67	1	80	1	93	1	106	1	120	1	132	1	145	1
Graduate Academic - Doctoral	196	0	248	0	296	0	344	0	389	0	441	1	489	1	534	1
Est. Doc. 2A enrollment ⁽³⁾	126	0	160	0	192	0	222	0	252	0	286	0	316	0	345	0
Subtotal Graduate Academic	375	0	475	1	568	1	659	1	747	1	847	2	937	2	1024	2
Graduate Professional (PDST) ⁽⁴⁾	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Graduate Professional (non-PDST)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Graduate Professional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total State-Supported GC Graduate Enrollments	375	0	475	1	568	1	659	1	747	1	847	2	937	2	1024	2
Graduate Self Supporting (SSP) Headcount																
Self-Supporting																

(1) Assume all postbaccalaureates are Education credential students.

(2) Includes enrollment of California residents under a scenario where state or targeted funds are not provided for those students. Captures the number of Fall, Winter, Spring students you plan to enroll above targeted levels. For example, if the funding assumption for enrollment growth is 1%/year, but your campus plans to grow at a rate above that even if state funding is not provided.

(3) Advanced to candidacy more than 3 years.

(4) Includes programs such as: MBA, JD, MPP, and MPIA.

Note: Blue shaded cells are projections dependent on the success of the 2020 Project