

## **Student Financial Support Programs Under the University's Budget Initiative**

### **Campus Allocations**

1. Which student support programs are included in the campuses' permanent base budgets as part of the new budget initiative? Which will continue to be centrally administered at the Office of the President?

*Funding for the following programs previously was allocated separately to the campuses. Funding for these programs now is included in the **campuses' base budgets**:*

- *The Graduate Block Grant Program;*
- *The Graduate Student Health Insurance Program (GSHIP) Remission Program;*
- *The Medical and Law School surcharge financial aid funds;*
- *The Regents' Scholarship Program;*
- *The undergraduate Student Affirmative Action Grant Program.*

*The Academic Career Development Program will remain permanently budgeted at the campuses as part of the campus base budget; they will continue to operate based on UCOP Guidelines.*

*The following systemwide student financial support programs will continue to be **centrally administered at the Office of the President**:*

- *The University Student Aid Program (USAP);*
- *The President's Washington Scholarship Program; and*
- *The Education Abroad Program.*

*Currently, a portion of the Partial Fee Remission Program is funded from the Office of the President and the program will continue to be centrally administered until funding is transferred to the campuses.*

2. When were the student support programs added to the campuses' base budgets?

*The inclusion of the student support programs in the campuses' base budgets is effective with the 1997-98 academic year. The Academic Career Development Program has been included in the campuses' base budgets for several years.*

3. How was the permanent allocation of the student financial support programs to the campuses determined? Did the 1996-97 allocations, including the SAA Grant and Regents' Scholarship allocations, become a part of the campuses' permanent base, or was there an enrollment-based re-allocation of the funds, or some other way of allocation?

*The amounts allocated for the Graduate Block Grant Program, the GSHIP Remission Program, the Medical and Law Surcharge, the Regents' Scholarship Program, and the Student Affirmative Action Grant Program in 1996-97 were incorporated into the campuses' permanent base budgets in 1997-98.*

4. Will systemwide policies governing the Graduate Block Grant, Regents' Scholarship, and Student Affirmative Action Grant programs continue now that funds for these programs are part of the campus permanent base budget?

*No, with the exception of diversity requirements for the former Graduate Opportunity Fellowship Program and Academic Career Development Program as discussed later under questions #33 and #35.*

5. Graduate and professional degree support program allocations were not made on a base budget approach in the past. The intent in the past was to annually reallocate funds for the Graduate Block Grant Program on a weighted enrollment basis. What will happen to the programs that were added to the campuses' base budgets? Will they be converted to "base budget" funds?

*Yes. Funds for all of the student financial support programs that were decentralized to the campuses are included in the campuses' permanent base budget. They will no longer be allocated annually.*

6. Were the decentralized student support program funds allocated as a line item in the campuses' permanent budget, or were they folded into the campuses' base budgets, thus losing their identity as graduate and professional degree student support funds?

*The funds were folded into the campuses' base budgets.*

7. Were the temporary funds which were included in the Graduate Block Grant Program in 1996-97 converted to permanent funds in 1997-98?

Yes.

8. Must all USAP funds be awarded on the basis of need, according to Congressional Methodology (CM)? Is it permissible to establish a campus method to assess need for international students that follows the spirit of CM?

*Yes. All USAP funds are governed by control language in the State Budget Act, which provides that State-funded, need-based aid must be awarded according to the “nationally approved need-analysis methodology.” However, the current USAP guidelines do allow for two percent of the allocation to be used for merit-based awards. With respect to Congressional Methodology, it is permissible to use another application form or need analysis procedure for some students, e.g., graduate and international students, so long as the alternate needs analysis procedure yields a result that is at least as stringent as Congressional Methodology.*

9. How does the Education Financing Model factor into the discussion of decentralization of student financial support programs?

*The Education Financing Model does not directly affect the decentralization of student support programs to the campuses’ base budgets. The Education Financing Model articulates the principles and framework for the University’s undergraduate need-based financial aid policy, governs the methodology for allocating OP-administered undergraduate need-based financial aid to the campuses, and provides guidance to the campuses in setting loan and work ranges for undergraduate students. Implementation of the Education Financing Model is being phased in and will affect allocations of the undergraduate component of USAP, the student expense budgets used to package need-based aid recipients, and financial aid packages, insofar as campuses adopt the Model’s loan and work range.*

10. Is there a “firewall” between the undergraduate and the graduate/professional degree components of USAP?

*Yes. USAP funds allocated for undergraduate students must be used for undergraduate student support. Funds allocated for need-based graduate and professional degree student support may not be used for undergraduate student aid.*

11. Can the USAP shares for undergraduate and graduate/professional degree students be combined for the purpose of establishing an allowable campus aggregate carryforward that is within 10% of the total allocation?

*Yes.*

12. Does the carryforward then need to be broken back into discreet spending for undergraduate and graduate/professional degree students for the forthcoming year?

Yes.

### **Price Increases**

13. How are increases to the Graduate Block Grant Program, the GSHIP Remission Program, and other programs calculated? Formerly, there was a methodology in place that tied growth in the Graduate Block Grant Program to increases in student expense budgets (including tuition, fees, and nonfee expenses) and enrollments. In recent practice, such increases have been indexed to changes in tuition, fees and graduate and professional degree enrollment. Increases in the Graduate Block Grant Program were allocated to the campuses on a weighted enrollment basis, with academic Ph.D. students having 7.5 times the weight of professional Ph.D. students. Will the methodology for calculating increases to this program change?

*The methodologies previously used to calculate increases to the Graduate Block Grant Program, the Regents' Scholarship Program, and the Student Affirmative Action Grant Program are no longer used. These programs are now included in the campus base budget for calculating price increase adjustments. The inflationary adjustment provided to the campuses for 1998-99 will reflect the inclusion of the student financial support programs in the campuses' base budgets. It has not been determined whether the programs in the Academic Career Development Program will be included in the campuses' base budgets for calculating price increases. The funding source for the GSHIP waiver program is not eligible for price increases and therefore will not be included in the price increase calculation.*

*Additional funds will not be budgeted to the campuses to account for changes in tuition and fees or other changes in the student expense budget.*

14. How will the price increase funds be allocated to the campuses?

*The price increase funds are allocated to the campuses annually through the normal budget allocation process.*

*Price increase funds are one component of the inflationary adjustment that will be made to the campuses' base budgets. The inflationary adjustment is a single allocation to each campus that incorporates funding for the following elements: (1) salary increases, including COLAs, merits, parity adjustments (where applicable), and continuation costs;*

*(2) associated benefits costs; and (3) price increases for the non-salary components of the budget, including all student financial support incorporated into the campus' base budget.*

15. Were decentralized student financial support programs included in the calculation of the 1997-98 price increase?

*No.*

16. Will calculated increases related to student financial support be listed as a line item, or will they be aggregated with other budgetary increases and thus lose their identity?

*The calculated price increase that results from adding student support funds to the campus base budget will not be listed as a line item nor will it be calculated separately. It will be aggregated with the rest of the campus' base budget upon which a price increase is calculated.*

17. Will additional merit-based graduate support funds be allocated to the campuses in response to tuition and fee increases?

*No.*

### **Enrollment Increases**

18. How will enrollment increases be reflected in the student financial support allocations? Will additional student support funds be allocated in response to enrollment growth?

*a) Each campus will receive State funds for each new budgeted student FTE based on the marginal cost of instruction that has been agreed to by the State.*

*b) At least one-third of the increase in mandatory systemwide fee revenue associated with budgeted enrollment growth will be included in USAP and allocated to the campuses for need-based financial aid consistent with the established methodologies for the program. For undergraduate student aid, funds will be allocated consistent with the Education Financing Model.*

*c) Unless otherwise provided, at least one third of the increases in mandatory systemwide fee revenue associated with campus enrollments that exceed budgeted enrollment will be used for need-based financial aid.*

19. How will the need-based financial aid in item 18.b) above be allocated to the campuses?

*The fee income designated for financial aid will be added to the USAP and, unless otherwise provided, will be distributed between the undergraduate and graduate/professional degree components of the USAP on the basis of revenue share, i.e., the proportions of fee revenue generated by undergraduate and graduate/professional degree students. The USAP funds will be allocated to the campuses according to the methodology established under that program. For the undergraduate component of USAP, a phase-in to the Education Financing Model methodology is underway. For the graduate and professional degree component of USAP, a phase-in to a per-capita allocation methodology is underway.*

20. Will the financial aid in item 18.c) be included in USAP? Will it be an augmentation to the campus permanent base budget?

*No. These funds are a temporary allocation to the campuses, not an augmentation to the campus' permanent base budgets and they will not be added to USAP. The campuses are not required to add the funds to their USAP allocation per se, so long as the funds are used for need-based financial aid. The temporary allocations will be phased out as budgeted enrollment catches up with actual enrollment.*

21. Is it a campus decision how to distribute the funds in item 18.c) between undergraduate and graduate students?

*A January 12, 1998 letter from Provost King and Associate Vice President Hershman to the Chancellors clarifies that financial aid related to overenrollment is intended to be used for the students who account for the overenrollment. Thus, if the overenrollment is found at the undergraduate level, the financial aid related to the overenrollment should be used for undergraduate students. See Attachment 1.*

22. If the need-based financial aid in item 18.c) is not included in USAP, does the new budget initiative create an additional financial aid program to USAP?

*No. The new budget initiative creates an additional financial aid requirement, but not a new financial aid program, per se. Campuses may choose to add the campus-based financial aid to their USAP allocation, or they may create a new temporary need-based financial aid program. Campuses also may create need-based financial aid programs from their own funds or with funds from the Fee for Selected Professional School Students.*

23. Must all of the need-based aid referenced in item 18.c) be awarded on the basis of need? Is financial need for student eligibility for these funds determined according to Congressional Methodology (CM)? Can a campus adaptation of CM be used to assess financial need for international students?

*The need-based financial aid referenced in item 18.c) must be awarded on the basis of need. The needs analysis methodology used to establish student eligibility for these funds does not have to be CM; however, any alternate need analysis methodology must yield a need assessment result at least as stringent as CM.*

24. What happens to the campus permanent base budgets if actual enrollment drops below budgeted enrollment?

*Allocations will reflect changes in enrollment.*

### **Fee Increases**

25. What about new revenue related to increases in mandatory systemwide fees?

*One-third of revenue related to increases in mandatory systemwide fees is to be used for need-based financial aid and is added to the USAP program. One-third of new revenue related to increases in mandatory systemwide fees generated from enrollments that exceed budgeted enrollments will be retained by the campuses and, unless otherwise provided, must be used for need-based financial aid.*

26. What about reduced revenue related to fee decreases?

*For 1998-99, The Regents have approved a 5% reduction in mandatory systemwide student fees for California undergraduates. This action will release \$7.5 million in financial aid related to the fee reduction. The 1998-99 Governor's Budget proposes to provide UC with sufficient funds to allow us to maintain financial aid at its current level. The \$7.5 million will be used to accelerate implementation of the Education Financing Model and will remain in the undergraduate component of USAP. It will be distributed to the campuses on the basis of the Education Financing Model shares of grant need.*

**Maintenance of Effort and Accountability**

27. Campuses already have the flexibility to augment their graduate merit student financial support allocations from the Office of the President. How does the decentralization of graduate student support increase campus flexibility in the use of these funds?

*Campuses now have the flexibility to determine how much to budget for graduate merit student financial support. In addition to campuses' current flexibility to augment the amount budgeted for graduate merit student support, campuses also have the flexibility to reduce their commitment to graduate merit student support, consistent with the expectation described in #28.*

28. Is there a requirement that campuses maintain their overall funding commitment to student financial support after the funds are permanently allocated to the campus? Should the aggregate amount of support students receive in fellowships, scholarships, and fee remission from the decentralized programs remain at least equal to 1996-97 levels?

*With the exceptions of financial aid for students subject to the Fee for Selected Professional School Students, need-based financial aid, and diversity student financial support funds (as described in #33 and #35), campuses have the flexibility to determine the levels of financial support for graduate and professional school students. President Atkinson stated his expectation that campuses will maintain stable, predictable fellowship funding in his November 11, 1997 letter to Vice Chancellor Richard Attiyeh, Chair-designate of the Council of Graduate Deans. See Attachment 2.*

29. Will campuses' flexibility to determine the level of support for graduate and professional school students extend to the financial aid funds associated with the Fee for Selected Professional School Students?

*No. Campuses still will be required to set aside and spend the equivalent of at least one-third of revenue from the Fee for Selected Professional School Students to supplement financial aid for professional school students. Total expenditures for financial aid from all UC fund sources (including gifts and endowments) need to increase from year to year by an amount equivalent to at least 1/3 of increased revenue from the Fee for Selected Professional School Students.*

30. Do the financial aid funds associated with the Fee for Selected Professional School Students have to be used for need-based financial aid?

*Although the underlying intent of the financial aid associated with this fee is to make those programs accessible to professional students, the policy does not restrict the use of the funds to need-based aid.*

31. May campuses use gift or endowment funds to meet the requirement to use an amount equivalent to at least 1/3 of revenue from the Fee for Selected Professional School Students to supplement financial aid?

*Yes, as long as the total aid expenditures from all sources of UC funds are greater than prior year expenditures by at least the required amount of 1/3 of new fee revenue.*

32. Will campuses be able to use income from the Fee for Selected Professional School Students for other graduate students if there are cuts in student financial support from campus sources?

*No. Revenue from the Fee for Selected Professional School Students must be used to supplement existing financial aid for professional school students who are subject to the fee.*

33. Will there be a requirement that campuses maintain a minimum commitment of funds for diversity fellowships?

*Yes. Campuses must continue to spend on diversity awards the minimum amount designated for diversity in the graduate Block Grant Program which, prior to the Block Grant Program, constituted the Graduate Opportunity Fellowship Program. Campuses also must spend the amounts constituted under the Academic Career Development Program (ACDP) in compliance with UCOP guidelines for the ACDP.*

34. What other accountability measures will be established to monitor the campus' commitment to graduate student support?

*The Office of the President will monitor the type, fund source, and distribution of student financial support to UC students over time.*

35. Please review which student financial support funds will continue to be restricted as to use?

a) *The following funds must be spent for **need-based financial aid**:*

- *Funds allocated from the Office of the President in the USAP, President's Washington Scholarship, and Education Abroad Programs.*
- *Unless otherwise provided, one-third of increases in mandatory systemwide fee revenue associated with enrollments that exceed budgeted enrollments.*

b) *The equivalent of at least one-third of revenue from the Fee for Selected Professional School Students must be spent for supplemental **financial aid for professional school students who pay the fee**.*

c) *The following funds must be spent for **diversity student financial support**:*

- *The amount that constituted the 1996-97 funding requirement for diversity fellowships in the Graduate Block Grant Program .*
- *The funds in the campuses' permanent base budgets that constitute the Academic Career Development Program, which operate under UCOP guidelines.*