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UNIVERSITY OF CALIFORNIA  
OFFICE OF THE PRESIDENT



UNIVERSITY OF CALIFORNIA  
INSTITUTIONAL FINANCIAL AID  
PROGRAMS

*A Report to the Governor and Legislature  
in Response to Supplemental Report Language  
to the 2005-06 State Budget Act*

OFFICE OF THE VICE PRESIDENT  
STUDENT AFFAIRS  
STUDENT FINANCIAL SUPPORT

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## OVERVIEW

Language in the Supplemental Report to the 2005-06 Budget Act directed the formation of a working group to define the data that the University of California shall report to the Legislature each year on its institutional aid programs:

*Institutional-Based Financial Aid.* The LAO and DOF shall jointly convene a workgroup composed of UC, DOF, LAO, and other legislative staff during fall 2005 in order to define the support documentation—related to institutional financial aid—that will be expected to accompany future budget requests. The working group shall develop a list of specific data and supplemental information that shall accompany these requests, beginning with the development of the 2006-07 budget. At a minimum, these data and supplemental information shall allow for an assessment of (1) who would be affected by the proposed change (number of students by income level, financial need, age, and grade point average), as well as (2) the extent to which they would be affected (change in minimum, median, and maximum grant award, as well as work-to-loan expectations). For undergraduates, the support documentation also shall include, at a minimum, information on institutional aid-only recipients, Cal Grant recipients, and recipients of both types of awards.

This document responds to the conclusions of the working group by providing specific statistics and other information requested by representatives from the California Department of Finance, the Office of the Legislative Analyst, and other parties. Appendix A provides the section numbers that correspond to items in the complete set of requested statistics.

### **The Goals of the University's Undergraduate and Graduate Financial Aid Programs**

The financial aid programs available to University of California students do more than provide individual students with financial assistance to help cover their expenses. Considered together, they are critical to the University's success in carrying out its missions of instruction and research. Viewing undergraduate and graduate financial aid programs in terms of the University's missions is fundamental to understanding these programs and their success.

#### ***The University's Instructional Mission and Financial Assistance for Undergraduates***

California's Master Plan for Higher Education calls for the University to select its undergraduates from among the top one-eighth of graduating high school seniors. The University's undergraduate financial assistance program is built around the goal of ensuring that financial concerns are not a barrier to eligible students choosing to attend the University. Consequently, most undergraduate financial assistance at UC is distributed on the basis of family financial circumstances. This assistance is intended to make the University accessible to students who could not otherwise afford to attend UC.

#### ***The University's Research Mission and Financial Assistance for Graduate Students***

The University's graduate student enrollment is tied most directly to the University's research mission. The first point of enrolling graduate students is not to serve a designated pool of Californians – indeed, there is no Master Plan goal for graduate enrollment analogous to that for

undergraduate enrollment – but rather to further both the University’s role in helping the state meet its professional workforce needs and the University’s research mission, which makes important contributions to the California economy. These contributions are maximized when the University attracts the top candidates from the pool of prospective graduate level students.

This means that the goal of graduate financial support differs substantially from that of undergraduate support. Graduate financial support is intended not simply to make the University accessible, but also to serve as an important recruitment tool, the success of which is tied closely to whether UC’s offers of financial assistance are competitive with those made by other universities competing for the same students. Thus, while most graduate students are needy, graduate level assistance at UC is distributed largely based on merit in order to increase its effectiveness at recruiting strong graduate students.

# I. INSTITUTIONAL AID FOR UNDERGRADUATE STUDENTS

The University of California's undergraduate financial assistance programs are designed to make the University accessible to all eligible students. Put another way, they are designed to make the full cost of attending the university – known as the cost of attendance or the student budget – manageable for eligible students and their families, irrespective of their family resources.

Undergraduate student budgets include systemwide and campus-based fees, books and supplies, living and personal expenses, transportation, and an allowance for healthcare costs. Student budgets vary by factors such as a student's residency status, campus, and living arrangement (living with parents, on campus, or off campus).

## **Managing the Cost of Attendance: the Education Financing Model**

The University's approach to student financing is built around an integrated conceptual framework that is used to:

- Guide its work in helping students and their parents manage the cost of an undergraduate education,
- Define its role in funding the University's undergraduate student financial support programs, and
- Determine how much undergraduate financial aid to allocate to each campus.

This framework, known as the Education Financing Model (hereinafter "the Model"), is based on the following set of principles:

- Total cost of attendance (resident student fees, books and supplies, living and personal expenses, and transportation) represents the context for the Model;
- A partnership among students, parents, federal and state governments, and the University is required for the successful implementation of the Model;
- All students should expect to make a similar contribution from loan and work toward their cost of attendance, without regard to family income or resources; and
- Flexibility is needed for students in deciding how to meet their expected contribution and for campuses in implementing the Model to serve their particular student bodies.

The Model is built upon a simple framework. In narrative terms, the framework says that the cost of attendance or student expense budget minus 1) a reasonable parent contribution calculated according to federal standards, 2) anticipated grant aid from state and federal sources, and 3) a manageable student contribution from loan and/or work, equals the amount of University grant aid needed.

Understanding how the University's undergraduate institutional aid program is administered requires a general understanding of each of the elements of the framework. These elements are explained below.

- **Student Expense Budget:** The student expense budget represents an estimate of a student's costs while attending college. This budget accounts for expenses such as student fees, books and supplies, room and board, transportation, and personal expenses, and reflects differing expenses associated with different campuses and different living arrangements.
- **Parent Contribution:** The expected contribution from parents is calculated in accordance with the federal needs analysis methodology.
- **Federal and State Grant Aid:** Federal and state grant aid is extremely important to UC students. Grant aid is what reduces the need for students to work and borrow to cover their educational costs, and together, federal and state grants account for over 60 percent of the grants received by UC undergraduates.

***The Conceptual Framework of the  
Education Financing Model***

Student Expense budget (cost of attendance):

*Less* Reasonable Contribution from Parents

*Less* Federal and State Grant Aid

*Less* Manageable Student Contribution from  
Work and Borrowing

*Equals* University Grant Aid Needed

- **Manageable Student Contribution from Work and Borrowing:** While University financial aid recipients are expected to contribute to their expenses, the goal of the Model is to keep the hours worked and student debt levels within a manageable range, and to keep the total student contribution consistent across income levels.
- **University Grant Aid:** University grant assistance is awarded to students whose full cost of attendance is not covered through sources listed above. Without the University grant to cover remaining expenses, some students would be left facing the need to work or borrow at higher levels. This would be inconsistent with the principle calling for equity in expectations.

***What do the principles of the Model mean for the parents of UC undergraduates?***

- As they prepare for their role in financing the cost of a UC education, parents need to consider the entire cost of attendance, rather than merely the fees charged by the University. Under the Model, campuses employ a cost of attendance figure that, in addition to fees, reflects an average of what current students report as the expenses directly associated with attendance at the University, such as room and board, books and supplies, transportation, health care, and other personal expenses.

- Parents will be expected to contribute toward this cost of attendance to the extent they are able, as defined by federal standards, which take into account parental income and assets (excluding home equity), as well as other factors such as family size and the number of family members in college. Parents with particularly limited resources may have no contribution expected of them.
- The federally defined parent contribution rises rapidly as income increases, and most middle-income parents find that current income is not sufficient to meet their assigned contribution. Therefore, parents with a parent contribution need to be prepared to meet at least a part of their expected contribution by planning and saving beforehand and/or by borrowing once their son or daughter is enrolled. Students whose parents do not fulfill their part of the education financing partnership will face an additional work or debt burden in order to cover their total cost of attendance.

***What do the principles of the Model mean for UC students?***

- All undergraduates can expect to be called upon to cover part of their cost of attendance through a combination of funds borrowed and wages earned. This “loan/work expectation” is not identical for all students: it will vary according to campus resources and financial aid policies. However, the Model establishes a range that will serve as a guide for campuses. The goal of this range is to keep the loan/work expectation at a level that will enable students to make steady progress toward completion of the baccalaureate degree (i.e., to work no more than 20 hours per week during the academic year) and to meet their repayment obligations after graduation.
- Students will be able to affect the amount of their loan/work expectation in a variety of ways. By reducing expenses, students can lower their total cost of attendance and thereby the amount they will need to earn and borrow. Conversely, students who spend more than the average or who incur expenses that are not directly related to attendance will have to work or borrow more. Students can also reduce their loan/work expectation by taking advantage of the availability of merit-based scholarships (for example, those based on academic performance, community service, special talent, or other personal characteristics). In addition, students can also plan ahead by saving for their college expenses before they enroll.
- Students also can decide the balance they want to strike between work and borrowing. This balance will depend on their individual preferences, the other resources available to them, their ability to find academic-year employment, and the ability to save most of their summer earnings by working while living with their parents. However, in order to prevent either one of the two components of the loan/work exception from becoming unmanageable, students should plan to borrow and to be employed while they are pursuing their undergraduate degrees.
- Students will be expected to apply for all federal and state financial aid grant programs available to them.

- Students will be expected to meet application deadlines in applying for financial aid. Late applicants are generally assigned a loan/work expectation that is substantially larger than the contribution expected of on-time applicants.
- Undergraduates who are not financially dependent on their parents (according to federal definitions) may be assigned a loan/work expectation that falls outside the range used to guide the contribution expected of dependent students.

### *What do the principles of the Model mean for the University?*

- At the systemwide level, the University's activities in determining funding levels for the University Student Aid Program, determining how these funds are allocated across the campuses, and setting guidelines for awarding those funds to students are carried out in accordance with the principles and framework of the Model. According to the Model, these funds, unlike funds such as endowments, are specifically for providing students with access to the University. The Model does not set out policies and procedures for student financial support funds generated and held at the campus level, thus encouraging campuses to develop additional resources in support of their own enrollment management goals.
- Although future funding levels cannot be guaranteed, the University's goal is to provide sufficient systemwide funding to keep students' loan/work expectations within the range established by the Model.
- The University will develop and update the loan/work expectation range annually. In doing so, the University recognizes that the amount students can contribute from work will depend primarily on the number of hours worked, the wages students can command, and students' ability to find summer jobs that allow them to live with their parents and save the majority of their earnings for use during the academic year. The earnings component of the loan/work range is based on the expectation that students will work both during the summer and between 6 and 20 hours per week during the academic year. The borrowing component of the loan/work range reflects the portion of post-graduation earnings that students can be reasonably expected, according to credit industry standards, to dedicate to loan repayment.

## **1. Basic Information on budget proposal**

- 1.1 The dollar amount of the proposed budget-year change in UC systemwide institutional aid (from 2006-07 to 2007-08) is \$27,475,669 reflecting the funds needed to support new enrollment and the proposed increases in systemwide mandatory fees.<sup>1</sup> Most of the budgeted \$27.5 million increase would be funded by a return-to-aid of 33% on the fee increase (\$22,029,120), while a smaller portion (\$5,446,549) would be generated by new enrollments.

The figures above represent the new revenue associated with regular academic year enrollments (fall, winter, and spring). In addition, approximately \$6 million of new fee

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<sup>1</sup> Assumes a 7% increase to systemwide mandatory fees.



revenue associated with summer session enrollments will be used by the campuses to support students. This money is not budgeted in the same way as academic year return-to-aid because UC summer financial support is managed at the local campus level. As described below in section 2, summer revenue is also not recognized when calculating the University's standard affordability metrics for undergraduates.

1.2 The base budget for UC institutional aid has been/will be:

2005-06	\$252,536,091
2006-07	\$255,638,708
2007-08 (projected)	\$283,114,377

Budgeted institutional financial aid is administered primarily through the University Student Aid Program (USAP). The total amount of funds available also includes approximately \$10.4 million funded from Educational Fee revenue to support aid programs that were decentralized to the UC campuses in 1998 (e.g., the Regents' Scholarship Program), as well as \$473,500 in scholarships for students studying abroad and in Washington D.C. Excluded are all non-budgeted forms of support, such as gifts, endowment income, or local campus funds used for student financial support. Figures are for the academic year only.

1.3 UC plans to implement a program to help offset the fee increase for needy middle-income students. Students who do not normally qualify for UC need-based grant, but whose families make less than \$100,000 per year and demonstrate financial need, will receive a grant equivalent to one-half of the fee increase. This program is similar to the one implemented in 2003-04 to help middle-income families transition to the higher fee levels, and is estimated to cost approximately \$1.6 million. Additional USAP dollars for undergraduate students will be awarded on the basis of the principles outlined in the Education Financing Model (EFM).

In 2007-08, UC will charge a temporary Education Fee surcharge of \$60 (approved by the Regents in 2005) intended to offset revenue lost when the University was enjoined from collecting increases in professional degree fees from certain graduate students as a result of class action litigation (*Kashmiri et al v. The Regents of the University of California*). An additional \$3.3 million of UC grant (\$3,059,600 for the academic year and \$315,400 for summer session) will be funded by a return-to-aid on the surcharge. Both the fee and the associated financial aid will cease when the lost revenue associated with the lawsuit is recovered.

**2. Basic Information on Impact of Budget Proposal\***

	Prior Academic Year (2005-06) (Actual)	Current Academic Year (2006-07) (Estimated)	Budget Academic Year (2007-08) (Estimated)
2.1 Number of UC need-based grant recipients	51,571	51,581	51,994
2.2 Average UC grant amounts	\$4,565	\$4,622	\$5,188
2.3 Minimum grant**	\$350	No change	No Change
Maximum grant**	\$9,907	\$9,964	\$10,530
2.4 Work-loan			
Range minimum	\$6,216	\$5,997	\$6,316
Range maximum	\$11,959	\$12,039	\$12,709
Expectation in \$	\$9,330	\$9,540	\$10,100
Percent in range of expectation	54.2%	58.6%	59.2%
Work			
Range minimum (6 hrs. per week)	\$2,859	\$2,128	\$2,128
Range maximum (20 hrs. per week)	\$5,916	\$5,567	\$5,744
Expectation in \$	\$4,516	\$4,144	\$4,268
Percent in range of expectation	54.2%	58.6% (14 hrs./wk.)	59.2% (14 hrs./wk.)
Loans			
Range minimum (5% of post-graduation salary)	\$3,357	\$3,869	\$4,189
Range maximum (9% of post-graduation salary)	\$6,043	\$6,472	\$6,965
Expectation in \$	\$4,814	\$5,369	\$5,832
Percent in range of expectation	54.2%	58.6% (7.3% of post graduation salary)	59.2% (7.4% of post graduation salary)

\* Figures are based on full-year equivalent students for the academic year only. Summer enrollment, costs, and aid are excluded.

\*\* Maximum and minimum represent the 95<sup>th</sup> and 5<sup>th</sup> percentiles, respectively, based on headcount data

Explanatory Notes

The loan and work expectation is the University's primary metric of affordability under the Education Financing Model. Summer session remains a unique academic experience for students, one that is both optional and usually an "overload" term. Therefore, summer enrollment is treated as optional for the purposes of measuring academic year affordability, which means that the loan/work expectation is calculated for the regular academic year (fall, winter, and spring).

The loan and work expectation in 2005-06 presented here has been revised from earlier estimates. Actual data from the 2005-06 academic year were made available for the first time in January 2007. The estimates here do not take into account changes related to UC students' choices between Cal Grant A and Cal Grant B awards. Beginning in 2007-08, most new freshmen who are eligible for both awards will find it more advantageous to receive a Cal Grant A rather than a Cal Grant B. This change could mean more Cal Grant funding for UC students as a whole and would therefore lower the loan/work expectation.

As part of its ongoing review of EFM principles, the University slightly modified the way it calculates the manageable range of working and borrowing beginning in 2006-07. This was prompted by changes in the federal student loan interest rate, new post-graduation salary data for UC students, and the need to re-evaluate summer weeks available for full-time student work in light of state-supported summer enrollment. The new range of manageable working was revised downward because the number of weeks that a student is expected to work over twelve months was reduced from 45 to 44 (four fewer weeks of full-time work in the summer and three more weeks of part-time work during the academic year). The new range of manageable borrowing, on the other hand, was revised upward as a new assumption was incorporated that students would experience salary increases during their years of loan repayment (which affects the measure of the affordability of their in-school borrowing).

2.5 For prior year (2005-06), data on UC need-based grant recipients:

	Minimum <sup>†</sup>	Average	Maximum <sup>†</sup>
Income*	\$0	\$32,588	\$80,683
Expected Family Contribution**	\$0	\$2,714	\$10,060
Financial need**	\$8,405	\$17,883	\$23,222
Age (as of 9/1/05)	18.0	21.3	27.9
Cumulative GPA (UC courses)	2.0	2.9	3.8

\* Income measured as parental income for dependent students and student income for independent students. All averages calculated based on headcount.

\*\* Based on federal methodology.

<sup>†</sup> Maximum and minimum represent the 95<sup>th</sup> and 5<sup>th</sup> percentiles, respectively.

2.6 For the current year (2006-07) and the budget year (2007-08) these profiles are expected to change very little. UC saw a small drop in the percent of its students who are low-income in 2004-05, but the percent remains unchanged in 2005-06. Evidence suggests that, rather than a change in students with financial need that we are enrolling, this is a result of the improving economy in California as a whole.

### 3. Basic information on impact of any change to budget proposal

For 2007-08, the University intends to set aside 33% of all new fee revenue generated from undergraduate students for financial aid purposes. The impact of each 1% change in return-to-aid is shown below.

- 3.1 Increasing the return-to-aid on the new fee revenue from 33% to 34% would mean an additional \$925,311 in funding for undergraduate students through the University Student Aid Program. This would mean that the University could lower the loan/work expectation by about \$15.

Decreasing the return-to-aid on the fee increase from 33% to 32% would mean \$925,311 less in funding for undergraduate students through the University Student Aid Program. This would mean that the University would need to raise the loan/work expectation by about \$15.

#### 4. Mandatory Fee Waiver/Exemption programs

Students who meet eligibility requirements may receive waivers or exemptions from paying mandatory student fees. These programs reduce the total cost of attendance to students. Data are provided below for the Cal Vet and AB 540 programs, which are the University's two largest waiver/exemption programs. More detailed information about the AB 540 program can be found in the [UC 2005-06 Annual Report on the AB 540 Program](#), which may be found at the UC Student Financial Support website at <http://www.ucop.edu/sas/sfs/state.htm>.

#### 2003-04 Academic Year

		Cal Vet	AB 540
4.1 Number of recipients		2,896	781
4.2 Minimum amount		Not Available	\$4,737
Average amount		\$4,191	\$11,322
Maximum amount		\$4,984	\$14,210
4.3 Aggregate cost of program		\$12,137,247	\$8,842,289
For UC need-based aid recipients only:			
4.4 Number of need-based aid recipients		744	248
4.5 Characteristics of need-based aid recipients			
Income	Minimum	\$0	\$0
	Average	\$51,467	\$21,409
	Maximum	\$103,906	\$64,718
Expected Family Contribution	Minimum	\$0	\$0
	Average	\$5,252	\$1,803
	Maximum	\$12,578	\$8,587
Age	Minimum	18.0	18.0
	Average	20.8	20.7
	Maximum	25.3	25.8
GPA	Minimum	1.9	1.7
	Average	2.8	2.9
	Maximum	3.7	3.8

All figures are based on headcount; maximum and minimum represent the 95<sup>th</sup> and 5<sup>th</sup> percentiles, respectively.

**2004-05 Academic Year**

		Cal Vet	AB 540
4.1 Number of recipients		2,483	1,027
4.2 Minimum amount		\$2,842	\$5,656
Average amount		\$5,377	\$15,258
Maximum amount		\$5,684	\$16,956
4.3 Aggregate cost of program		\$13,350,066	\$15,670,011
For UC need-based aid recipients only:			
4.4 Number of need-based aid recipients		597	297
4.5 Characteristics of need-based aid recipients			
Income	Minimum	\$0	\$0
	Average	\$49,170	\$23,986
	Maximum	\$102,042	\$70,000
Expected Family Contribution	Minimum	\$0	\$0
	Average	\$4,634	\$2,292
	Maximum	\$13,062	\$11,243
Age	Minimum	18.0	18.2
	Average	20.9	20.8
	Maximum	25.4	24.4
GPA	Minimum	2.0	1.9
	Average	2.9	2.9
	Maximum	3.7	3.8

All figures are based on headcount; maximum and minimum represent the 95<sup>th</sup> and 5<sup>th</sup> percentiles, respectively.

**2005-06 Academic Year**

		Cal Vet	AB 540
4.1 Number of recipients		2,342	1,125
4.2 Minimum amount		\$3,071	\$8,352
Average amount		\$5,813	\$16,159
Maximum amount		\$6,141	\$17,820
4.3 Aggregate cost of program		\$13,614,553	\$18,178,754
For UC need-based aid recipients only:			
4.4 Number of need-based aid recipients		514	375
4.5 Characteristics of need-based aid recipients			
Income	Minimum	\$0	\$0
	Average	\$50,293	\$24,262
	Maximum	\$111,020	\$69,562
Expected Family Contribution	Minimum	\$0	\$0
	Average	\$5,100	\$2,386
	Maximum	\$13,964	\$12,107
Age	Minimum	18.1	18.1
	Average	21.1	20.8
	Maximum	26.4	25.2
GPA	Minimum	1.8	1.8
	Average	2.9	2.9
	Maximum	3.7	3.8

All figures are based on headcount; maximum and minimum represent the 95<sup>th</sup> and 5<sup>th</sup> percentiles, respectively.

## 5. Putting Institutional Aid Proposal in Broader Context

5.1 Need-based aid recipients, family resources, costs, and gift aid (all figures in millions of dollars):

	<i>Academic Year 2004-05 (Actual)</i>	<i>Academic Year 2005-06 (Actual)</i>	<i>Academic Year 2006-07 (Estimated)</i>
<b>Total # recipients of need-based aid*</b>	78,955	79,021	79,754
(a) Aggregate Cost of attendance	\$1,554	\$1,611.6	\$1,715.1
(b) Aggregate Expected Family Contribution	\$309.0	\$328.4	\$338.7
(c) Aggregate need (a-b)	\$1,244.8	\$1,333.2	\$1,376.3
(d) Aggregate Federal gift aid	\$157.4	\$154.8	\$156.2
(e) Aggregate state gift aid	\$243.1	\$266.4	\$268.9
Cal Grants	\$234.1	\$258.7	\$261.1
Other state aid	\$9.1	\$7.7	\$7.8
(f) Aggregate UC need-based grants	\$197.4	\$235.7**	\$267.0
(g) Aggregate UC merit-based awards	\$38.2	\$29.7**	\$30.0
(h) Aggregate other UC gift aid	\$13.8	\$20.9	\$21.1
(i) Aggregate private gift aid	\$16.5	\$17.3	\$17.5
(j) Aggregate remaining need to be met by work, borrowing or other means (c – [d through i])	\$578.4	\$608.4	\$615.7

\* Headcount of students who received need-based aid and whose files had complete cost of attendance and Expected Family Contribution data.

\*\* The amount of UC merit-based aid reported by campuses declined by more than usual in 2005-06 in response to changes in reporting procedures. Therefore the amounts reported in categories (f) and (g) for 2005-06 are not directly comparable to the amounts reported in 2004-05, although the combined amount is comparable.

## 5.2 Other Financial Aid (all figures in millions of dollars):

	<i>Academic Year 2004-05</i>	<i>Academic Year 2005-06</i>	<i>Academic Year 2006-07 (Estimated)</i>
Work-study	\$24.7	\$21.0	\$21.2
Federal	\$22.6	\$19.2	\$19.4
Other	\$2.1	\$1.8	\$1.8
Loans	\$361.3	\$349.4	\$352.6
Federal Subsidized	\$236.7	\$229.4	\$231.5
Federal Unsubsidized	\$30.0	\$26.6	\$26.9
UC	\$1.2	\$0.7	\$0.7
Outside agency	\$10.7	\$12.1	\$12.2
Parent (PLUS)	\$82.7	\$80.5	\$81.3

## 5.3 Typical financial aid packages

Note: Federal Supplemental Education Opportunity Grants funds are awarded on the same basis as UC grants and are included in the UC grant figures below.

## 2004-05 Academic Year

	Family Income			
	<i>\$20,000</i>	<i>\$40,000</i>	<i>\$60,000</i>	<i>\$80,000</i>
On-campus Budget	\$20,930	\$20,930	\$20,930	\$20,930
Parent Contribution	\$0	\$1,770	\$5,640	\$12,610
Pell Grant	\$4,050	\$2,300	\$0	\$0
Cal Grant	\$7,235	\$5,684	\$5,684	\$0
UC Grant	\$795	\$2,326	\$756	\$0
Loan/Work	\$8,850	\$8,850	\$8,850	\$8,320

## 2005-06 Academic Year

	Family Income			
	<i>\$20,000</i>	<i>\$40,000</i>	<i>\$60,000</i>	<i>\$80,000</i>
On-campus Budget	\$22,190	\$22,190	\$22,190	\$22,190
Parent Contribution	\$0	\$2,460	\$5,730	\$13,140
Pell Grant	\$4,050	\$1,600	\$0	\$0
Cal Grant	\$7,692	\$6,141	\$6,141	\$0
UC Grant	\$1,118	\$2,659	\$989	\$0
Loan/Work	\$9,330	\$9,330	\$9,330	\$9,050



2006-07 Academic Year

	Family Income			
	<i>\$20,000</i>	<i>\$40,000</i>	<i>\$60,000</i>	<i>\$80,000</i>
On-campus Budget	\$22,860	\$22,860	\$22,860	\$22,860
Parent Contribution	\$0	\$1,630	\$5,600	\$13,260
Pell Grant	\$4,050	\$2,400	\$0	\$0
Cal Grant	\$7,692	\$6,141	\$6,141	\$0
UC Grant	\$1,518	\$3,089	\$1,519	\$0
Loan/Work	\$9,600	\$9,600	\$9,600	\$9,600

## II. INSTITUTIONAL AID FOR GRADUATE ACADEMIC STUDENTS

Adequate support for graduate students has been identified by The Regents as one of the major issues facing the University. In order to support its research mission and fulfill its responsibility to meet California's professional workforce needs, the University needs to attract top graduate students. To do this, it must offer financial assistance packages that can compete with those offered by other institutions recruiting the same prospective graduate students.

Concerns about the competitiveness of the University's awards were substantiated by surveys conducted in 2001 and 2004 of students admitted to UC's academic doctoral programs. These surveys showed variation in the competitiveness of UC's offers across academic disciplines and campuses but indicated that, on average, the net stipend (fellowship and assistantship awards in excess of tuition and fees) associated with the offer from the student's top choice UC doctoral program was \$1,500 less than the student's top choice non-UC offer. Taking into account differences in the cost of living in different university communities increased the average shortfall in the value of UC's offers to approximately \$2,000 for academic doctoral students. (Academic masters students were not included in either survey.)

The University's proposals for 2007-08 are designed to address directly the most pressing concerns regarding graduate student support, namely, (1) mitigating the impact of any further fee increases on graduate student support, (2) allowing the University to compete successfully for the top students, and (3) providing additional funding so that the University can achieve its goals for graduate enrollment growth.

### 1. Basic Information on budget proposal

- 1.1 The dollar amount of the proposed academic year budgeted change in UC institutional aid (from 2006-07 to 2007-08) is \$7,170,086 to support new enrollment and to cover fee increases. Most of the budgeted \$7.2 million increase would be funded by a return-to-aid of 45% on the fee increase (\$6,782,211), while a smaller portion (\$387,875) would be generated by new enrollments.

The figures above represent the new revenue associated with regular academic year enrollments (fall, winter, and spring). In addition, approximately \$275,000 of new fee revenue associated with summer session enrollments will be used by the campuses to support students. This money is not budgeted in the same way as academic year return-to-aid because UC summer financial support is managed at the local campus level.

In addition to the regular return-to-aid on fee revenue outlined above, in 2007-08 the University plans to fund \$10 million in additional graduate student financial support. The proposed matching funds provided by the University to campuses that utilize savings from Strategic Sourcing and other cost-saving efforts to improve graduate student support would provide campuses with a further incentive to make graduate student support a high campus priority. The proposal reflects a shared responsibility at the systemwide and campus level to address the widespread concern about the University's ability to provide competitive award packages for academic graduate students.

1.2 The base budget for UC institutional aid has been/will be:

2005-06	\$91,023,302
2006-07	\$94,470,228
2007-08 (projected)	\$101,640,314

Budgeted institutional financial aid is administered primarily through the University Student Aid Program (USAP). The total amount of funds available also includes \$26.6 million funded from Educational Fee revenue to support aid programs that were decentralized to the UC campuses in 1998 (internally referred to as the Graduate Block Grant), as well as \$133,333 in scholarships for students studying in Washington D.C. Excluded are all non-budgeted forms of support, such as gifts, endowment income, or local campus funds used for student financial support. Figures are for the academic year only.

1.3 In 2007-08, UC proposes to allocate a portion of its institutional aid to campuses based on the extent to which campuses increase their own investment in graduate student support from the University's strategic sourcing initiative or other campus sources.

In 2007-08, UC will charge a temporary Education Fee surcharge of \$60 (approved by the Regents in 2005) intended to offset revenue lost due to the *Kashmiri* lawsuit. An additional \$870,048 of UC grant (\$836,163 for the academic year and \$33,885 for summer session) will be funded by a return-to-aid on the surcharge. Both the fee and the associated financial aid will cease when the lost revenue associated with the lawsuit is recovered.

## 2 Basic Information on Graduate Academic Student Support

	Academic Year 2003-04 (Actual)	Academic Year 2004-05 (Actual)	Academic Year 2005-06 (Estimated) ††
Number of recipients* of UC scholarships, fellowships, or grants	15,387	14,660	15,486
Average amount of UC awards**	\$10,074	\$10,563	\$11,357
Maximum*** UC award	\$30,808	\$32,633	\$34,573
Per capita net stipend (gift aid, TA or RA compensation less fees)†	\$12,684	\$13,152	\$13,549

\* Based on full-year equivalent enrollment during the year indicated.

\*\* Based on full-year equivalent enrollment.

\*\*\* Based on 95<sup>th</sup> percentile of award recipients.

† Per capita figures include all students (not just aid recipients).

†† Figures for 2005-06 are for the academic year only (excluding summer) because full-year data are not available as of January 2007. Also, beginning in 2004-05, net stipend figures include the value of fee exemptions and waivers, which were not included in prior years.

### 3 Basic information on impact of any change to budget proposal

For 2007-08, the University intends to set aside 45% of all new fee revenue generated from graduate academic students for financial aid purposes. The impact of each 1% change in return-to-aid is shown below.

Increasing the return-to-aid on the fee increase from 45% to 46% would mean an additional \$177,917 in funding for graduate academic students through the University Student Aid Program. Because the additional funds would be distributed across the UC fellowship grant recipient population, they would have a negligible effect on individual students' net stipends.

Decreasing the return-to-aid on the fee increase from 45% to 44% would mean \$177,917 less in funding for graduate academic students through the University Student Aid Program. Because the reduction would be distributed across the UC fellowship grant recipient population, it would have a negligible effect on individual students' net stipends.

### 4 Mandatory Fee Waiver/Exemption programs

Students who meet eligibility requirements may receive waivers or exemptions from paying mandatory student fees. These programs reduce the total cost of attendance to students. Data are provided below for the Cal Vet and AB 540 programs, which are the University's two largest waiver/exemption programs. More detailed information about the AB 540 program can be found in the UC 2005-06 Annual Report on the AB 540 Program, which may be found at the UC Student Financial Support website at <http://www.ucop.edu/sas/sfs/state.htm>.

#### 2003-04 Academic Year

	<i>Cal Vet</i>	<i>AB 540</i>
Number of waivers/exemptions granted	27	73
Minimum amount	\$1,740	\$4,082
Average amount	\$5,655	\$10,044
Maximum amount	\$15,313	\$12,245*
Aggregate cost	\$152,674	\$733,213

#### 2004-05 Academic Year

	<i>Cal Vet</i>	<i>AB 540</i>
Number of waivers/exemptions granted	31	135
Minimum amount	\$2,594	\$7,470
Average amount	\$5,919	\$14,335
Maximum amount	\$7,004	\$14,694*
Aggregate cost	\$183,513	\$1,935,290

**2005-06 Academic Year**

	<i>Cal Vet</i>	<i>AB 540</i>
Number of waivers/exemptions granted	29	160
Minimum amount	\$3,816	\$4,898
Average amount	\$6,592	\$13,911
Maximum amount	\$6,897	\$14,694*
Aggregate cost	\$191,178	\$2,225,817

\*By policy

Note that for all tables, the number of exemptions is measured by headcount, and the maximum and minimum values represent the 95<sup>th</sup> and 5<sup>th</sup> percentiles, respectively, of the award. Also, figures for 2005-06 are for the academic year only (excluding summer) because full-year data are not available as of January 2007.

### III. INSTITUTIONAL AID FOR GRADUATE PROFESSIONAL STUDENTS

The University's professional school programs graduate a cadre of trained professionals in medicine, business, law, and other disciplines, many of who remain in California and make valuable contributions to their professions and to the state. The University recognizes the importance of enrolling talented students from diverse socioeconomic backgrounds into these programs, for the betterment of the communities, institutions, and individuals that these professionals will ultimately serve.

About two-thirds of aid awarded to graduate professional students is in the form of loans, rather than fellowships or grants. The differences in support patterns for graduate academic and graduate professional students reflect the contrasting approaches to graduate student support in higher education. Fellowship, grant, and assistantship support are viewed as more successful and loans less successful for recruiting and retaining doctoral students whose academic programs are lengthy and whose future income prospects are relatively low. In contrast, student loans are viewed as more appropriate for students pursuing professional degrees. These programs are relatively shorter and students' incomes have the potential to be substantially higher.

The majority of University financial aid funds awarded to professional school students is used for grant and fellowship awards. A portion of University funds, however, is used for loan repayment assistance programs (LRAPs). These programs acknowledge the fact that students who choose careers in the public interest often forego higher incomes. Consequently, these students may be less able to meet their debt repayment obligations.

The professional degree fees charged by the University should not deter highly skilled graduates who wish to apply their skills to a public service career. For 2007-08, the University will continue to expect campuses to expand the size and scope of their loan assistance repayment programs where appropriate to help borrowers with public interest employment meet their student loan repayment obligations.

#### 1. Basic Information on budget proposal

1.1 The dollar amount of the proposed academic year budgeted change in UC institutional aid (from 2006-07 to 2007-08) is \$1,952,591 to cover fee increases. Most of the budgeted \$2 million increase would be funded by a return-to-aid of 33% on the fee increase (\$1,598,831), while a smaller portion (\$353,760) would be generated by new enrollments.

1.2 The base budget for UC institutional aid has been/will be:

2005-06	\$35,304,247
2006-07	\$35,529,407
2007-08 (projected)	\$37,481,998

Budgeted institutional financial aid is administered primarily through the University Student Aid Program (USAP). The total amount of funds available also includes \$8.2 million funded by Educational Fee revenue to support aid programs that were decentralized to the UC campuses in 1998. Excluded are all non-budgeted forms of support, such as gifts, endowment income, and any professional degree fee revenue used for student financial support. Figures are for the academic year only.

- 1.3 In 2007-08, UC will charge a temporary Education Fee surcharge of \$60 (approved by the Regents in 2005) intended to offset revenue lost due to the *Kashmiri* lawsuit. An additional \$220,700 of UC grant will be funded by a return-to-aid on the surcharge. Both the fee and the associated financial aid will cease when the lost revenue associated with the lawsuit is recovered.

Note that in 2006-07 the University used \$1,125,086 in financial support to help cover a \$1,050 temporary fee assessed on professional degree students. The larger fee has been supplanted by the \$60 temporary surcharge assessed to all students and the \$1.1 million in financial support for professional school students has been supplanted by the \$220,700 mentioned above.

**1. Basic Information on Graduate Professional Student Support***Law*

	Academic Year 2003-04 (Actual)	Academic Year 2004-05 (Actual)	Academic Year 2005-06 (Estimated)
Number of students with grant award*	1,625	1,474	1,418
Average amount of UC scholarship, fellowship or grant award***	\$6,946	\$8,187	\$9,254
Per capita net stipend**	(\$12,693)	(\$15,018)	(\$16,523)
Percent of students borrowing	82%	81%	83%
Average annual loan debt of borrowers	\$21,971	\$24,219	\$26,855
Estimated average cumulative borrowing*	\$55,732	\$62,884	\$70,838

*Business*

	Academic Year 2003-04 (Actual)	Academic Year 2004-05 (Actual)	Academic Year 2005-06 (Estimated)
Number of students with grant award*	805	875	717
Average amount of UC scholarship, fellowship or grant award***	\$6,395	\$7,715	\$10,656
Per capita net stipend**	(\$15,680)	(\$12,956)	(\$19,713)
Percent of students borrowing	58%	56%	54%
Average annual loan debt of borrowers	\$24,433	\$28,266	\$29,527
Estimated average cumulative borrowing*	\$40,928	\$51,361	\$53,393



*Medicine*

	Academic Year 2003-04 (Actual)	Academic Year 2004-05 (Actual)	Academic Year 2005-06 (Estimated)
Number of students with grant award*	2,050	1,767	1,831
Average amount of UC scholarship, fellowship or grant award***	\$9,880	\$8,966	\$10,375
Per capita net stipend**	(\$6,194)	(\$11,820)	(\$12,266)
Percent of students borrowing	81%	78%	78%
Average annual loan debt of borrowers	\$21,564	\$24,645	\$25,574
Estimated average cumulative borrowing*	\$66,062	\$75,781	\$81,966

*Other Health Sciences*

	Academic Year 2003-04 (Actual)	Academic Year 2004-05 (Actual)	Academic Year 2005-06 (Estimated)
Number of students with grant award*	1,950	1,843	2,013
Average amount of UC scholarship, fellowship or grant award***	\$6,308	\$5,656	\$7,457
Per capita net stipend**	(\$7,633)	(\$9,841)	(\$12,182)
Percent of students borrowing	79%	80%	82%
Average annual loan debt of borrowers	\$21,376	\$23,248	\$24,660
Estimated average cumulative borrowing*	\$51,724	\$58,316	\$65,608

*Other Programs With Professional School Fees*

	Academic Year 2003-04 (Actual)	Academic Year 2004-05 (Actual)	Academic Year 2005-06 (Estimated)
Number of students with grant award*	248	279	962
Average amount of UC scholarship, fellowship or grant award***	\$5,500	\$6,439	\$9,798
Per capita net stipend**	(\$3,044)	(\$2,413)	\$108
Percent of students borrowing	73%	71%	61%
Average annual loan debt of borrowers	\$20,310	\$20,972	\$18,891
Estimated average cumulative borrowing*	\$51,173	\$54,959	\$43,026

Note: For this chart, figures for 2005-06 include programs that first charged a professional degree fee in 2005-06. Fees for students in these programs are relatively low compared to other professional degree programs and support from gift aid is relatively high. Consequently, figures for 2005-06 are not directly comparable to figures from prior years.

*Other Programs Without Professional School Fees*

	Academic Year 2003-04 (Actual)	Academic Year 2004-05 (Actual)	Academic Year 2005-06 (Estimated)
Number of students with grant award*	1,803	1,623	1,103
Average amount of UC scholarship, fellowship or grant award***	\$6,360	\$6,736	\$7,087
Per capita net stipend**	(\$2,797)	(\$3,279)	(\$4,904)
Percent of students borrowing	55%	58%	61%
Average annual loan debt of borrowers	\$14,102	\$15,086	\$14,932
Estimated average cumulative borrowing*	\$22,245	\$32,214	\$33,017

\* The number of students with grant award and all averages are calculated using full-year equivalent data. Estimated average cumulative borrowing for those graduating from program that

year; includes only debt incurred while attending graduate professional school and does not include undergraduate debt or other borrowing.

\*\* Negative numbers indicate net tuition and fees paid out of pocket

\*\*\* Includes funds from a variety of sources including return-to-aid from professional fee revenue, gifts and endowments, and systemwide USAP aid.

### 3. Basic information on impact of any change to budget proposal

For 2007-08, the University intends to set aside an amount equivalent to 33% of all new fee revenue generated from professional school fees for financial aid purposes. The impact of each 1% change in return-to-aid is shown below.

Increasing the return-to-aid on the fee increase from 33% to 34% would mean an additional \$65,857 in funding for professional degree students through the University Student Aid Program. The additional funds would be available to students enrolled in the affected professional degree program.

Decreasing the return-to-aid on the fee increase from 33% to 32% would mean \$65,857 less in funds available to support students enrolled in the affected professional degree programs.

### 4. Mandatory Fee Waiver/Exemption programs

Students who meet eligibility requirements may receive waivers or exemptions from paying mandatory student fees. These programs reduce the total cost of attendance to students. Data are provided below for the Cal Vet and AB 540 programs, which are the University's two largest waiver/exemption programs. More detailed information about the AB 540 program can be found in the UC 2005-06 Annual Report on the AB 540 Program, which may be found at the UC Student Financial Support website at <http://www.ucop.edu/sas/sfs/state.htm>.

#### 2003-04 Academic Year

	Cal Vet	AB 540
Number of waivers/exemptions granted	97	102
Minimum amount	\$1,622	\$4,082
Average amount	\$9,795	\$8,416
Maximum amount	\$15,347	\$12,245*
Aggregate cost	\$950,145	\$858,440

#### 2004-05 Academic Year

	Cal Vet	AB 540
Number of waivers/exemptions granted	89	187
Minimum amount	\$3,134	\$6,122
Average amount	\$12,184	\$12,745
Maximum amount	\$20,313	\$12,245*
Aggregate cost	\$1,084,386	\$2,383,357

**2005-06 Academic Year**

	Cal Vet	AB 540
Number of waivers/exemptions granted	98	206
Minimum amount	\$6,141	\$8,163
Average amount	\$14,046	\$12,762
Maximum amount	\$22,768	\$12,245*
Aggregate cost	\$1,376,523	\$2,629,040

\*By policy

Note that for all tables, the number of waivers or exemptions is measured by headcount, and the maximum and minimum values represent the 95<sup>th</sup> and 5<sup>th</sup> percentiles, respectively, of the award. Also, figures for 2005-06 are for the academic year only (excluding summer) because full-year data are not available as of January 2007.

# APPENDIX A

## DESCRIPTION OF DATA REQUESTED FROM THE UNIVERSITY OF CALIFORNIA

### ***Part 1—Undergraduate Financial Aid***

#### **1. Basic information on budget proposal**

1.1 dollar amount of proposed budget-year change

1.2 base budget for prior year (PY) actual, current year (CY) estimated, and budget year (BY) projected

1.3 In years in which UC is proposing a policy change that would affect institutional aid for any undergraduate student group, UC would describe this change in its January legislative budget report (that is, the annual budget support documentation it will now provide to legislative budget staff no later than January 10).

#### **2. Basic information on impact of budget proposal**

For PY, CY, and BY:

2.1 number of UC needbased grant recipients, disaggregated into major programs (e.g., separate report on any middle-income fee grant program)

2.2 average UC needbased grant amount, disaggregated into major programs (e.g., separate report on any middle-income fee grant program)

2.3 minimum/maximum UC needbased grant amount, disaggregated into major programs (e.g., separate report on any middle-income fee grant program)

2.4 the work-loan expectation for undergraduates, separating out the work expectation from the loan expectation, and providing the range as well as where the expectation falls within this range.

For the PY only:

2.5 minimum, average, and maximum recipient family income (parent income for dependent students, student income for independent students), expected family contribution (EFC), financial need (per federal methodology), age, and GPA for UC

needbased grant recipients, disaggregated into major programs (e.g., separate reporting on any middle-income fee grant program).For the CY and BY:

2.6 A description of how the current-year change/budget-year proposal likely would change the typical recipient profile(s)

### **3. Basic information on impact of any change to budget proposal**

For every 1 percent change in return-to-aid:

3.1 associated dollar amount

3.2 change in average grant amount

3.3 change in work-loan expectation, separating out the change in work expectation from the change in loan expectation, and estimating where this expectation would fall within the range for that year.

### **4. Mandatory fee waiver programs**

For PY-2, PY-1, and PY, broken down for (a) Cal Vet program, (b) AB 540 tuition-exemption program, and (c) all other fee waiver/exemption programs:

4.1 number of fee waivers granted

4.2 minimum, average, and maximum amount of fee waiver granted

4.3 aggregate cost of those fee waivers

4.4 number of fee-waiver recipients receiving need-based financial aid

4.5 of those receiving needbased financial aid, minimum, average, and maximum recipient family income (parent income for dependent students, student income for independent students), EFC, financial need, age, [note: we don't have family size on the systemwide financial aid database] and GPA

### **5. Putting institutional aid proposals in broader context**

For PY-1, PY, and CY:

5.1 Aggregate needs analysis\*

\* This table would identify the total number of undergraduates and the number of those who are financially needy. Of financially needy students, it would show: (a) aggregate cost of attendance, (b) aggregate EFC, and (c) aggregate financial need. It then would

show: (d) aggregate federal gift aid, (e) aggregate state gift aid broken out by Cal Grant/other, (f) aggregate UC needbased grants, (g) aggregate UC merit-based awards (i.e., UC scholarships), (h) other UC “gift” support (e.g., value of UC tuition waivers/exemptions, UC nonneed grants, etc.), (i) private funding (e.g., outside agency, foundation, etc. awards), (10) work study from all sources, (11) remaining need to be covered by work, borrowing, and/or other means).

5.2 Aggregate work-study broken out by federal/other, and aggregate loans broken out by subsidized loans, unsubsidized loans, and Parent (PLUS) loans.

5.2 Typical financial aid packages\*

\*This table/graphic would show the financial aid package received by a typical dependent student with a family income of: (a) \$20,000; (b) \$40,000; (c) \$60,000; and (d) \$80,000.

## ***Part 2—Graduate Financial Aid***

### **1. Basic information on budget proposal**

1.1 dollar amount of proposed budget-year change

1.2 base budget for PY, CY, and BY

1.3 In years in which UC is proposing a policy change that would affect institutional aid for any graduate student group, UC would describe this change in its January legislative budget report.

### **2. Basic information on impact of budget proposal**

For PY, PY-1, and PY-2:

2.1 number of recipients of UC scholarships, fellowships, and/or grants

2.2 average amount of combined UC scholarship, fellowship, and/or grant award

2.3 maximum amount of combined UC scholarship, fellowship, and/or grant award

2.4 average net stipend (i.e., combined gift aid, TA compensation, and RA compensation from all sources less tuition/fees) per capita

### **3. Basic information on impact of any change to budget proposal**

For every 1 percent change in return-to-aid:

3.1 associated dollar amount

3.2 change in average UC combined scholarship, fellowship, and/or grant award assuming no change in the number of recipients from the prior year.

3.3 change in the number of recipients with a UC scholarship, fellowship, and/or grant award assuming no change in the average combined UC scholarship, fellowship, and/or grant award from the prior year.

3.4 change in average net stipend per capita

#### **4. Mandatory fee waiver programs**

For PY-2, PY-1, and PY, broken down for (a) Cal Vet program, (b) AB 540 tuition-exemption program, and (c) all other fee waiver/exemption programs:

4.1 number of fee waivers granted

4.2 minimum, average, and maximum amount of waiver/exemption granted

4.3 aggregate cost of those waivers/exemptions

### ***Part 3—Professional School Financial Aid***

#### **1. Basic information on budget proposal**

1.1 dollar amount of proposed budget-year change

1.2 base budget for PY, CY, and BY

1.3 In years in which UC is proposing a policy change that would affect institutional aid for any professional school student group, UC would describe this change in its January legislative budget report.

#### **2. Basic information on impact of budget proposal**

For PY-2, PY-1, PY, broken down by (a) Law, (b) Business, (c) Medicine, (d) Other Health Sciences, (e) Other Programs with Professional School Fees, and (f) Other Professional Programs without Professional School Fees:

2.3 number of students with UC scholarship, fellowship, and/or grant award

2.4 average amount of combined UC scholarship, fellowship, and/or grant award

2.4 average net stipend (i.e., combined gift aid, TA compensation, and RA compensation from all sources less tuition/fees) per capita)

2.5 percent of students borrowing

2.6 annual loan debt of borrowers



2.7 estimated cumulative loan debt of borrowers while attending UC professional school program

**3. Basic information on impact of any change to budget proposal**

For every 1 percent change in return-to-aid:

3.1 associated dollar amount

3.2 change in average UC combined scholarship, fellowship, and/or grant award assuming no change in the number of recipients from the prior year.

3.4 change in the number of recipients with a UC scholarship, fellowship, and/or grant award assuming no change in the average combined UC scholarship, fellowship, and/or grant award from the prior year.

3.5 change in average per capita net stipend

**4. Mandatory fee waiver programs**

For PY-2, PY-1, and PY, broken down for (a) Cal Vet program, (b) AB 540 tuition-exemption program, and (c) all other fee waiver/exemption programs:

4.1 number of waivers/exemptions granted

4.2 minimum, average, and maximum amount of fee waiver granted

4.3 aggregate cost of those fee waivers