Administrative Guidelines: University Student Aid Program and Other Selected Aid Policies

With the approval of the Tuition Stability Plan by the Board of Regents in July 2021, the University's practice is to annually reserve a portion of new systemwide Tuition, Student Services Fee (SSF), and Nonresident Supplemental Tuition revenue for financial aid, a practice called return-to-aid (RTA). Regental and Presidential policy also mandate RTA on Professional Degree Supplemental Tuition, Education Abroad Program Tuition and Student Services Fees, campus-based fees, and summer session fees.

These Administrative Guidelines will cover the following financial aid programs funded through a return-to-aid, including:

- Undergraduate University Student Aid Program (USAP) funded by an RTA on Tuition and SSF
- Graduate academic and professional student financial aid funded by an RTA on Tuition and SSF,[1] as well as Professional Degree Supplemental Tuition (PDST) for those programs that charge it
- Financial aid funded by RTA on Nonresident Supplemental Tuition (NRST)
- Financial aid funded by RTA on campus-based fees and summer fees

Most financial aid provided through RTA is in the form of gift aid (i.e., grants, fellowships), but may also include loans, work-study awards, and fee remissions.

University Student Aid Program

The University Student Aid Program (USAP) is the University's primary student financial assistance program for California undergraduate students. It was created to promote access for students who without such assistance would be unable to obtain an education at the University of California.

1. Funding

   Total systemwide funding for USAP will change annually based on changes in enrollment and/or the level of Tuition and the SSF.

[1] Formerly "Graduate USAP."

- Enrollment: USAP will increase or decrease in proportion to any change in the University's enrollment of resident and nonresident undergraduates. For example, a one percent increase in undergraduate enrollment will result in a one percent increase to USAP.
- Changes to Tuition or the SSF: Beginning fall 2022, 45 percent of estimated new undergraduate Tuition and SSF revenue resulting from any increase in the Tuition and/or SSF rates will be added to USAP.

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Campuses should adjust USAP if the undergraduate enrollment is above or below budgeted enrollment, either increasing or decreasing the local funding proportionate to the estimated Tuition and SSF revenue associated with the over/under-enrollment.

2. Allocation

Each year, the USAP allocation is based on the relative financial need of students at the campuses as measured by the Education Financing Model (EFM), which accounts for student expenses, parental contributions, federal and state grant aid, and self-help expectations. While the funding is generated locally by all campuses setting aside the same percentage of Tuition and SSF revenue, State General Funds and some Tuition revenue is shifted across campuses to meet the EFM measure.

3. Student Eligibility

California Undergraduate USAP funds may only be awarded to regularly enrolled California resident students and students exempt from paying NRST (e.g., "AB540 students"), including those enrolled in summer session.

California Undergraduate USAP funds may not be awarded to students who are enrolled in self-supporting programs.

California Undergraduate USAP may not be used to fund undergraduate nonresident students beginning with the cohort entering in Fall 2016.

Campuses may prioritize awarding USAP for students pursuing their first bachelor's degree.

4. Use of Funds

The undergraduate USAP is to be used as a fund source for need-based programs in which the primary purpose is to provide access to enrolled students. USAP funds are to be used primarily for need-based grants, but may also be used for loans or work-study awards.

Awards from this program are to be made on the basis of financial need, as determined by the current federally approved need analysis methodology. If an alternate need analysis methodology is used, it must yield a result that is at least as stringent as the approved federal methodology.

Undergraduate USAP funds are to be used only for standard allowable student expense budget items that directly support the student's attendance at the University as defined for the Education Financing Model, unless otherwise specified. These expenses include direct costs of attendance (i.e., tuition, fees, books and supplies), living, transportation, personal, and health care expenses, and computer hardware as defined in the recipient's student expense budget.

To meet campus enrollment goals, campuses may implement USAP awarding strategies that result in differential loan and work expectations for targeted groups of students (e.g., first-year students, students from particular high schools, etc.) and may allocate USAP funding for campus need-based scholarship programs (e.g., Regents Scholarships) as long as the results align with the principles for flexibility approved by the EFM Steering Committee as outlined below:

a. Should be implemented such that it reduces the burden on the neediest students to work and to borrow by increasing their grant support;

b. Should not be targeted in such a way that it creates an undue burden on other needy students in order to finance the initiative;

c. Must further the goals of affordability and diversity outlined in Regents policies on admission and financial aid;

d. May be targeted to students from certain high schools/colleges in order to attract students traditionally underserved by the University;

e. May be targeted to students known to have higher costs, e.g., student parents;

f. In order to maintain the systemwide focus on affordability and access, the lower self-help awards may not be granted primarily on the basis of academic merit.

5. Substitution of Endowment or Gift Funding for California Undergraduate USAP

In November 2017, the Office of the President extended flexibility for campuses to replace the return-to-aid obligation on Tuition and SSF with income generated by gifts and endowments. This flexibility allows campuses to repurpose tuition revenue for instructional or other costs while still meeting the obligation to provide need-based financial aid.

Gift and endowment funding used in this way must be spent according to the principles of the Education Financing Model and the guidelines for California Undergraduate USAP outlined here.

Graduate and Professional Degree Return-to-Aid

Regental and Presidential policies create a return-to-aid on fees paid by graduate students. Guidelines for awarding financial support to graduate academic and professional students are decentralized.

1. Funding

   New funds for graduate and professional degree students will be based on the estimated graduate and professional degree fee revenue, including the following:

   a. For graduate academic students, the amount to be set aside for financial aid should increase proportionally with enrollment growth. In addition, 50 percent of new revenue resulting from any increase in Tuition or the SSF should be set aside.

   b. For graduate professional students, the amount to be set aside for financial aid should increase proportionally with enrollment growth. In additional, 40 percent of new revenue resulting from any increase in Tuition or the SSF should be set aside.

   c. Graduate student RTA is based on locally generated revenue and is not redistributed across the system.

2. Student Eligibility and Use of Funds

   Enrolled graduate and professional students may qualify for RTA-funded financial aid, subject to any relevant federal or state restrictions (see below).

   Graduate and professional return-to-aid may be used to make awards based on financial need or to attract an excellent and diverse student body.

   Awards made from the RTA on PDST should align with the financial aid plans in each PDST proposal approved by the Regents.

Undergraduate Nonresident Supplemental Tuition Return-to-Aid

1. Funding

   Beginning in 2022-23, 20 percent of new undergraduate Nonresident Supplemental Tuition revenue associated with fee increases should be set aside for financial aid for nonresident undergraduate students. The amount to be set aside for financial aid should increase proportionally with enrollment growth.

2. Student Eligibility and Use of Funds

   At least half of the Nonresident RTA should be awarded on the basis of financial need. For these purposes "financial need" can either include the results of the need analysis used for USAP or alternative means for students not eligible to submit a federal or state financial aid application (i.e., petitions from international students for assistance). The other half of Nonresident RTA may be used to attract nonresident applicants through scholarships.

Other Return-to-Aid Practices and Programs

A minimum of 25 percent of campus-based and summer session fee revenue should be set aside for financial aid. The portion associated with undergraduate enrollment should be generally awarded as need-based financial aid for undergraduate students.

The return-to-aid on Tuition and SSF paid by EAP students is already accounted for above.

Firewalls

USAP funds must be used for need-based resident undergraduate student support. Academic year USAP may be used to support summer session enrollment, but summer session RTA may not be used in the academic year.

Graduate and Professional USAP funds must be used for graduate and professional degree student support.

Campus-based fees, summer session, and NRST return-to-aid generated by undergraduates should be used to make financial aid awards to undergraduates. The same is true for return-to-aid generated by graduate students.

Comportment with Federal and State Law

The funding, allocation, and use of USAP in all cases must comport with existing federal and state restrictions. For example, awards are subject to the University's *Financial Aid Guidelines in Compliance with Proposition 209* and federal prohibitions under *8 U.S.C. § 1621* against providing support to certain undocumented students.

Carry Forwards

Up to 10 percent of the USAP allocation may be carried forward to the following year. Although the carry forward limit is calculated on the entire USAP allocation, the fund source used for the carry forward must be Tuition or SSF. State General Funds may not be carried forward.

A similar 10 percent carry forward limit is applicable to the combined graduate and professional RTA, the campus-based and summer fees RTA, and NRST RTA.

In the year subsequent to the academic year, the funds carried forward must be spent in the program from which they originated.

Effective Date

These guidelines are effective beginning with the Fall 2022 term.

Figure: Summary of University Student Aid Program Funding and Uses

Program	Funding	Uses
USAP	• 45% Tuition/SSF increases • Increase proportionate to enrollment growth • Gift and endowment can meet funding commitment	• Need-based • California residents and those exempt from NRST (e.g., AB540) • Generally grants, but also loans and work study
Graduate and Professional	• GR Academics: 50% on Tuition/SSF increases; increase proportionate to enrollment growth • GR Professional: 40% on Tuition/SSF increases; 33% on PDST increases; increase proportionate to enrollment growth	• Need- or non-need based awards • CA or non-CA residents • Generally grants or fellowships, but can be used for loans, work study, or fee remission
Nonresident RTA	• 20% on NRST increases • Increase proportionate to enrollment growth	• Half must be need-based
Campus-Based and Summer RTA	• 25% minimum on campus-based fees • 25% minimum on summer fees • 33% EAP fees beyond Tuition/SSF	• Campus-based must be need-based • Undergraduate campus-based must support CA students • Summer RTA must support summer enrollment
All RTA	• Firewall between USAP and all others • Firewall between RTA generated by graduate and undergraduate • 10% carry forward maximum • Subject to all relevant state and federal laws	