



UNIVERSITY  
OF  
CALIFORNIA

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March 10, 2022

The Honorable Nancy Skinner  
Chair, Joint Legislative Budget Committee  
1020 N Street, Room 553  
Sacramento, California 95814

Dear Senator Skinner:

Pursuant to Section 66021.1(b) of the Education Code, enclosed is the University of California's annual report to the Legislature on Institutional Financial Aid Programs.

If you have any questions regarding this report, Associate Vice President David Alcocer would be pleased to speak with you. He can be reached by telephone at (510) 987-9113, or by e-mail at [David.Alcocer@ucop.edu](mailto:David.Alcocer@ucop.edu).

Sincerely,

Michael V. Drake, MD  
President

Enclosure

cc: Senate Budget and Fiscal Review  
The Honorable John Laird, Chair  
Senate Budget and Fiscal Review Subcommittee #1  
(Attn: Mr. Christopher Francis)  
(Attn: Ms. Jean-Marie McKinney)  
The Honorable Kevin McCarty, Chair  
Assembly Budget Subcommittee #2  
(Attn: Mr. Mark Martin)  
(Attn: Ms. Carolyn Nealon)  
Mr. Hans Hemann, Joint Legislative Budget Committee  
Ms. Erika Contreras, Secretary of the Senate  
Ms. Amy Leach, Office of the Chief Clerk of the Assembly  
Ms. Sue Parker, Office of the Chief Clerk of the Assembly  
Mr. Chris Ferguson, Department of Finance  
Ms. Rebecca Kirk, Department of Finance  
Mr. Jack Zwald, Department of Finance  
Mr. Gabriel Petek, Legislative Analyst Office

Ms. Jennifer Pacella, Legislative Analyst Office  
Mr. Jason Constantouros, Legislative Analyst Office  
Provost and Executive Vice President Michael Brown  
Executive Vice President and Chief Financial Officer Nathan Brostrom  
Senior Vice President Brent Colburn  
Vice President and Vice Provost Yvette Gullatt  
Associate Vice Provost Elizabeth Halimah  
Associate Vice President David Alcocer  
Associate Vice President and Director Kieran Flaherty

UNIVERSITY OF CALIFORNIA  
OFFICE OF THE PRESIDENT



INSTITUTIONAL FINANCIAL AID  
PROGRAMS

*Report to the Legislature  
Pursuant to Education Code Section 66021.1*

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# OVERVIEW

## Important Caveats for the 2020–21 Institutional Financial Aid Report

This annual report to the Legislature about the University of California’s institutional financial aid comes with important caveats and methodological changes due to the impacts of the COVID-19 pandemic. These include the following:

- **Housing Choice:** Most students who normally live on campus moved home to live with their families, which presents a very different cost structure. Student expense budgets for commuter students are normally much lower than those for students living on campus.
- **Student Expense Budgets:** UC campus financial aid offices made different assumptions about student living circumstances if they left on-campus housing. For example, some campuses changed the student expense budget from “on-campus” to “commuter” for every student leaving on-campus housing, while others did not.
- **COVID Relief:** UC students benefited from federal, State, and University emergency grants during 2020–21. This funding has been excluded from the base calculations for need-based financial aid and self-help.
- **Methodology for Future Year Modeling:** The modeling in Figures 1 and 2 below use 2019–20 rather than 2020–21 as the base year. Because of the unusual nature of 2020–21 cited above, the 2019–20 financial aid figures are more predictive of 2022–23 and beyond.

Because of the challenges cited above, year-over-year changes when comparing this report to the 2019–20 report should be interpreted carefully.

## Legislative Text

Language in Section 66021.1 of the California Education Code directs the California State University and requests the University of California to report annually to the Legislature on their respective institutional financial aid programs. In the 2018 Budget Act (Assembly Bill 1809), these reporting requirements and the timeline for completing the report changed. Additional information on financial aid expenditures, trends, and outcomes for undergraduate students, as well as information on graduate student financial support, will continue to be reported to the UC Board of Regents in the *Annual Report on Student Financial Support*. The latest can be found here: <https://www.ucop.edu/enrollment-services/data-and-reporting/reports-to-the-regents-on-student-financial-support/index.html>

Additional information about the University’s financial aid programs, affordability, and social mobility may be found at the following locations:

- The University’s *Budget for Current Operations*, found at [ucop.edu/operating-budget/budgets-and-reports/current-operations-budgets/index.html](https://ucop.edu/operating-budget/budgets-and-reports/current-operations-budgets/index.html)
- The *2021 UC Accountability Report*, found at [accountability.universityofcalifornia.edu](https://accountability.universityofcalifornia.edu)
- The UC Information Center, found at [universityofcalifornia.edu/infocenter](https://universityofcalifornia.edu/infocenter)

The University presents this report in response to the request for a report on its institutional financial aid programs. That request reads as follows:

Statutory Language AB 1809, Chapter 23, Statutes of 2018 amends Section 66021.1 of the Education Code to read:

(a) For purposes of this section, the following terms shall have the following meanings:

(1) "Institutional financial aid" means all institutional grant aid, including institutional student need-based and merit-based aid.

(2) "Students" means California residents who are undergraduate students at the University of California or the California State University.

(b) The California State University shall, and the University of California is requested to, report annually to the Legislature on their respective institutional financial aid programs. The California State University shall, and the University of California is requested, to provide reports on or before March 31 of each year.

(c) The reports shall include all of the following:

(1) A description of the goals, terms, and policies of each of the university's institutional aid programs, including eligibility criteria, allocation of financial aid awards, fee waivers, and other relevant information.

(2) A description and explanation of any changes the university has made to any of these policies since the prior year, and any changes the university intends to make for the next academic year.

(3) The total amount the university expended on institutional aid for students, for the two prior academic years, the current year, and a projection for the next year, and the average and 90th percentile undergraduate institutional aid award amount provided per recipient for the prior two academic years and the current academic year.

(4) By parental income level or expected family contribution deciles, both of the following information for the prior academic year:

(A) Net price, which shall be the balance of the total cost of attendance minus all grant aid.

(B) The percentage of students receiving institutional aid and the average dollar amount of that institutional aid.

(5) For the prior academic year, the current academic year, and the budget year, an analysis identifying the estimated number of undergraduates with financial need; their aggregate cost of attendance and aggregate expected federal parent contribution; the aggregate amount of financial aid, including federal gift aid, State gift aid, institutional need-based aid, institutional merit-based aid, other institutional gift aid, and private gift aid, received by these students; the aggregate remaining amount to be met by work, borrowing, or other means; and an explanation of the estimated change in aggregate student need in the budget year resulting from changes in the cost of attendance, and other factors, including any fee increases proposed by the university in its fall budget proposal. The explanation shall include an estimate of the extent to which cost increases will be offset by federal, State, and institutional financial aid programs. The explanation shall also include an explanation of how year-to-year non-tuition cost increases were calculated.

(6) The typical financial aid package for a typical dependent undergraduate student with a parent income of twenty thousand dollars (\$20,000), forty thousand dollars (\$40,000), sixty thousand dollars (\$60,000), eighty thousand dollars (\$80,000), and one hundred thousand dollars (\$100,000).

(7) An aggregate summary of financial aid awarded to students, including scholarships, grants, waivers, loans, and work-study awards from federal, State, institutional, and private sources for the prior academic year.

(8) Indicators of the effectiveness of the university's aid programs in achieving the university's stated goals related to financial aid.

(9) Information on students who submit a Free Application for Federal Student Aid, or Dream Act Application, but do not receive a Cal Grant or institutional financial aid for the prior academic year. This information shall be disaggregated by race, ethnicity, expected family contribution deciles, and dependency status.

(10) The California State University shall include information on the number of students who are eligible for a grant pursuant to the State University Grant Program but do not receive it or receive a partial award for the prior academic year. This information shall be disaggregated by race, ethnicity, and campus of attendance.

(11) The University of California is requested to include information on the average undergraduate student financial self-help level. This information shall be disaggregated by race, ethnicity, and campus of attendance.

(d) To the extent the university provides the information requested in subdivision (c) in reports to its governing board or in other university publications, those reports or publications may be submitted to the Legislature to satisfy this request.

(Amended by Stats. 2018, Ch. 33, Sec. 6. (AB 1809) Effective June 27, 2018.

URL:

[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180AB1809](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1809)

# I. INSTITUTIONAL AID FOR UNDERGRADUATE STUDENTS

The University of California's undergraduate financial assistance programs are designed to make the University financially accessible to all eligible students. To achieve this goal, the University's Undergraduate Financial Aid Policy, adopted by the Regents in 1994, calls upon the University to make the *full cost of attending the University*—known as the total cost of attendance or the student budget—manageable for eligible students and their families, irrespective of their family resources.

## 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.
- Determine how much undergraduate financial aid to allocate to each campus.

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

- The total cost of attendance (resident student tuition and fees, books and supplies, living and personal expenses, and transportation)—also known as the student expense budget—represents the context for the EFM.
- A partnership among students, parents, federal and State governments, and the University is required for the successful implementation of the EFM.
- All students should expect to make a similar self-help contribution from loan and work toward their cost of attendance, without regard to family income or resources.
- Flexibility is needed for students in deciding how to meet their expected contribution and for campuses in implementing the EFM to serve their particular student bodies.

The EFM is built upon a simple framework. In narrative terms, under the framework, the 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 self-help 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 total costs while attending college. This budget accounts for expenses such as student tuition and fees, books and supplies, room and board, transportation, and personal expenses, and it reflects differing expenses associated with different campuses and different living arrangements.



- **Parental 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.

- **Manageable Student Self-Help Contribution from Work and Borrowing:** While University financial

aid recipients are expected to contribute to their expenses, the goals of the EFM are 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.

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

Student Expense Budget (total cost of attendance):

*Less* Reasonable Contribution from Parents

*Less* Federal and State Grant Aid

*Less* Manageable Student Self-Help  
Contribution from Work and Borrowing

*Equals* University Grant Aid Needed

## Undergraduate Institutional Aid Programs

The University's undergraduate institutional aid programs can be grouped into four categories:

- **Need-based grants.** Need-based UC grants represent the most significant source of institutional aid for UC undergraduates. The primary goal of UC need-based grants is to provide financial access to students according to the terms of the Education Financing EFM as described above. The specific awarding criteria vary slightly across campuses, consistent with the flexibility provided to campuses under the EFM. In addition, since 2009–10, the University has awarded need-based grants as needed to ensure that low-income students who qualify for the Blue and Gold Opportunity Plan—currently those students with parent incomes of up to \$80,000 and financial aid eligibility—receive gift aid from UC, federal, State, and/or outside agency grants and sources that is at least equal to their mandatory systemwide fees, not to exceed the student's financial need. In order to achieve these two goals, funding for UC grants is allocated to campuses in a manner that attempts to provide students with a common baseline level of financial accessibility (i.e., the same student self-help expectation) at every campus and to ensure that each campus has sufficient funds to meet the University's commitment reflected in the Blue and Gold. Allocations take into account campus differences in local costs (on- and off-campus housing, campus-based fees, books and supplies, health insurance, etc.) and student resources (parental resources and grants and scholarships from all sources).

Undergraduate need-based grants are funded primarily from the University Student Aid Program (USAP) budget, which is augmented each year due to the University's practice of setting aside a portion of new tuition and fee revenue for need-based aid. Like all USAP-funded programs, UC grants must be awarded in accordance with USAP Administrative Guidelines (available at <https://www.ucop.edu/enrollment-services/policies/universitywide-program-policies-and-guidelines/usap.pdf>).

- **Scholarships.** UC scholarships are typically based on criteria such as academic achievement or athletic ability. Eligibility for certain scholarships may be limited to financially needy students, but scholarships are generally available to students at any income level who demonstrate particular merit as defined by the terms of the scholarships.

Most UC scholarships are funded from private gifts and endowments and are restricted to students at a particular campus, consistent with donors' wishes. Selection criteria vary according to local campus objectives and donors' wishes.

- **Tuition Exemptions and Waivers.** Certain UC students are exempt from paying in-state tuition and fees and/or nonresident supplemental tuition under a variety of exemption programs or are eligible for waivers that cover these charges. In most cases, the policies implementing these exemptions and waivers were approved by the Regents in order to align UC policy with statutory exemptions created by the Legislature for students at the California State University and California Community Colleges. The two largest programs are:

*Cal Vet Fee Exemptions.* Eligible dependents of deceased or disabled veterans are exempt from paying in-state tuition and fees.

*AB 540 Nonresident Tuition Exemptions.* Students (other than non-immigrant aliens) who graduated from a California high school (or the equivalent) and either 1) attended a

California high school for three years or 2) earned the equivalent of three years of high school credit at a California high school and attended three years at some combination of California elementary or secondary schools are exempt from paying nonresident tuition.

Effective January 1, 2018, eligibility for an AB 540 tuition exemption expanded to include students who meet both 1) time and coursework requirements and 2) degree or unit requirements as described below.

### **Time and Coursework Requirements**

Either:

- a. Three full-time years attendance or attainment of equivalent credits at any of the following:
  - a. California high school
  - b. California adult school
  - c. California community college (limited to two years in credit-bearing courses)

OR

- b. Three years of high school coursework and three years of total attendance in a California elementary school, California secondary school, or any combination of the two

### **Degree or Unit Requirements**

Meet one of the following three requirements:

- a. Graduation from a California high school (or attainment of the equivalent)
- b. Attainment of an associate's degree from a California Community College
- c. Fulfillment of minimum transfer requirement from a CCC to UC or CSU

- **Loan and Work-Study Programs.** UC campuses administer a small number of UC-funded loans (including the Dream Loan Program, described below) and work-study programs. While these programs fill specific niches for certain students (e.g., students who do not meet all of the federal eligibility requirements for Title IV loan and work-study programs), they represent a tiny fraction of UC undergraduates' overall borrowing and employment earnings.

## Recent and Anticipated Changes to Institutional Aid Policy

### *Regental Discussions of Institutional Aid Policy Reform*

In a series of discussions, the UC Board of Regents has explored [potential reforms](#) to the Education Financing Model. Two potential changes that have gained the most support include modifying the self-help portion by eliminating the loan expectation and/or creating a tiered approach based on family income.

The Board of Regents also approved the Tuition Stability Plan in July of 2021, which outlines predictable tuition increases for the next five years, beginning in fall 2022. The tuition increases for undergraduates will only be applied to new students, who then can count on the same tuition for up to six years. In addition to the predictability this offers to non-financial aid recipients, the increases will set aside a portion of new tuition revenue for financial aid. The portion of new revenue set aside for UC's need-based financial aid program for undergraduates increased from 33 percent to 45 percent as part of the Regents' 2021 vote.

### *COVID and Emergency Aid*

The 2020 COVID pandemic disrupted the University's education delivery, moving all courses online during 2020–21. The pandemic also had several impacts on students and parents and on how they paid for college costs.

- **As mentioned in the Overview, the impact of the pandemic requires a number of caveats and methodological notes for the 2020–21 report.**
- In 2019–20, \$130 million in Higher Education Emergency Relief Fund (HEERF I) emergency grants were made available, 86 percent of which was deployed in Spring 2020, providing an average of \$834 to 134,381 recipients. The rest of HEERF I was disbursed in 2020–21.
- In 2020–21, HEERF II emergency grants of \$125 million were awarded to over 136,000 students at an average of \$904 per recipient.
- HEERF III Grant information will be available in next year's report with 2022–23 data.
- UC supplemented HEERF I emergency grants with \$5 million to provide equivalent support for undocumented students. This provided an average award of \$1,139 to 4,457 students. The State also provided \$1 million in Coronavirus Emergency Grant to support undocumented students in 2020–21.

## II. EXPENDITURES AND PROJECTIONS

Figure 1 below shows information regarding total expenditures and awards for each category of institutional aid award described above. Figures 1 and 2 exclude emergency grants, which were intended to provide support above and beyond the total cost of attendance. Also, as noted in the Overview, the 2019–20 year was used as the basis for 2021–22 and 2022–23 estimates.

**Figure 1: Undergraduate Institutional Aid Expenditures, 2019–20 to 2022–23**

	2019–20 (actual)	2020–21 (actual)	2021–22 (estimated)	2022–23 (estimated)
<b>Gift Aid</b>				
Grants				
Total amount	\$786.5 M	\$763.2 M	\$791.2 M	\$816.3 M
Average award	\$7,850	\$8,197	\$7,816	\$7,983
90 <sup>th</sup> %	\$16,205	\$16,517	\$16,170	\$16,338
Scholarships				
Total amount	\$178.1 M	\$184.0 M	\$186.6 M	\$195.1 M
Average award	\$5,836	\$6,193	\$6,049	\$6,264
90 <sup>th</sup> %	\$12,845	\$12,500	\$13,059	\$13,274
Subtotal—all Gift Aid				
Total amount	\$962.0 M	\$945.5 M	\$977.8 M	\$1,011.4 M
Average award	\$8,474	\$8,833	\$8,523	\$8,729
90 <sup>th</sup> %	\$17,051	\$17,556	\$17,100	\$17,305

	2019–20 (actual)	2020–21 (actual)	2021–22 (estimated)	2022–23 (estimated)
<b>Exemptions &amp; Waivers</b>				
Cal Vet (Fees)				
Total amount	\$42.0 M	\$42.1 M	\$42.4 M	\$43.4 M
Average award	\$12,570	\$12,570	\$12,570	\$12,730
90 <sup>th</sup> %	\$12,570	\$12,570	\$12,570	\$12,730
AB 540 (NR Tuition)				
Total amount	\$172.1 M	\$161.3 M	\$173.9 M	\$177.8 M
Average award	\$29,754	\$29,754	\$29,754	\$30,133
90 <sup>th</sup> %	\$29,754	\$29,754	\$29,754	\$30,133
Other				
Total amount	\$12.6 M	\$10.4 M	\$13.2 M	\$13.9 M
Average award	\$4,703	\$5,942	\$4,875	\$5,048
90 <sup>th</sup> %	\$29,754	\$29,754	\$29,754	\$30,133
<b>Loans and Work-Study</b>				
Loans				
DREAM Loan*	\$3.6 M	\$2.8 M	\$3.7 M	\$3.7 M
Total amount	\$13.5 M	\$8.0 M	\$14.1 M	\$14.8 M
Average award	\$1,618	\$1,652	\$1,678	\$1,737
90 <sup>th</sup> %	\$2,000	\$2,499	\$3,000	\$3,000
Work-Study				
Total amount	\$7.8 M	\$2.4 M	\$8.2 M	\$8.5 M
Average award	\$2,094	\$2,583	\$2,171	\$2,248
90 <sup>th</sup> %	\$4,000	\$4,000	\$4,000	\$4,000

\*DREAM Loan is funded through a 1:1 match of State and institutional funding.

## Trends in Student Costs, Resources, and Need

Figure 2 below displays information about the aggregate cost of attendance, expected parental resources, gift aid, and remaining need for undergraduate need-based aid recipients in academic years 2020–21 through 2022–23. **Please review the caveats in the Overview section above.**

The total cost of attendance represents a combination of known direct charges (such as systemwide and campus-based tuition and fees and on-campus student housing) and estimated other costs (off-campus housing, textbooks, transportation, etc.) incurred by the student over the course of the academic year. To estimate these other costs, the University conducts a periodic Cost of Attendance Survey (COAS); the COAS was recently administered in Spring 2019, and the results are available at <https://www.ucop.edu/enrollment-services/data-and-reporting/other-student-financial-services-reports/coas19-report-final.pdf>

The COAS asks students for information about their expenditures on costs such as off-campus rent, meals (other than those covered by their meal plans), books and supplies, transportation expenses, personal expenses, and other costs. During the intervening years between surveys, budget items derived from the COAS are adjusted annually to account for inflation.

Overall, the aggregate cost of attendance for need-based aid recipients is estimated to increase by \$24.6 million between 2021–22 and 2022–23, although the 2020–21 aggregate need reflects reductions in student expenses due to COVID (see *COVID and Emergency Aid* above).

**Figure 2: Projected Undergraduate Student Costs and Resources, 2020–21 to 2022–23**

	2020–21 (actual)	2021–22 (estimate)	2022–23 (estimate)	2022–23 incr. (estimate)
Total # recipients of need-based aid/need	116,826	122,367	123,590	1,224
(a) Aggregate Total Cost of Attendance (TCOA)	\$4,200.3 M	\$4,597.9 M	\$4,725.7 M	\$127.8 M
(b) Aggregate Expected Parent Contribution	\$556.6 M	\$618.0 M	\$624.2 M	\$6.2 M
(c) Aggregate Federal gift aid	\$423.0 M	\$420.1 M	\$460.3 M	\$40.2 M
(d) Aggregate State gift aid				
Cal Grants	\$957.2 M	\$988.0 M	\$1,010.6 M	\$22.6 M
Middle Class Scholarships (MCS)**	\$20.6 M	\$24.3 M	\$24.8 M	\$0.6 M
Other State aid	\$4.3 M	\$4.1 M	\$4.1 M	\$0.0 M
(e) Aggregate UC need-based grants	\$763.2 M	\$791.2 M	\$816.3 M	\$25.0 M
(f) Aggregate UC merit-based awards	\$109.7 M	\$98.1 M	\$102.6 M	\$4.5 M
(g) Aggregate other UC gift aid (incl. exemptions)	\$165.5 M	\$187.4 M	\$189.2 M	\$1.9 M
(h) Aggregate private gift aid	\$32.6 M	\$37.6 M	\$39.7 M	\$2.1 M
(i) Aggregate remaining need to be met by work, borrowing or other means (a – [b through h])	\$1,167.6 M	\$1,429.2 M	\$1,453.8 M	\$24.6 M

\* Dollar figures are in millions. See Overview for caveats and discussion of methodology, which uses 2019–20 as the basis for estimating 2021–22 and 2022–23.

\*\* MCS figures for 2022–23 do not reflect changes to the program enacted in the 2021 Budget Act. The California Student Aid Commission is preparing estimates for UC and CSU.

Of this amount, an estimated \$6.2 million is anticipated to be covered from the parent resources of new aid recipients as part of UC's planned expansion of California resident enrollment.

Funding from Cal Grants is expected to grow by \$22.6 million as a result of tuition increases and enrollment growth. Funding from Pell Grants is expected to increase by 3 percent due to both the enrollment increase and an estimated increase in the maximum Pell Grant.

The University's undergraduate need-based grant is funded by a long-standing practice of setting aside 33 percent of new mandatory systemwide tuition and fee revenue. With the Tuition Stability Plan approved by the Board of Regents in 2021, that figure increases to 45 percent.

As noted above, Figure 2 does not reflect updates included in the 2021 Budget Act to the Middle Class Scholarship Program. The California Student Aid Commission is currently estimating the amount of funding available to both UC and CSU.

Other sources of gift aid are expected to remain relatively flat.

Overall, the University expects undergraduate need not met by the sources described above to increase by \$24.6 million in 2022–23. Both the 2021–22 and 2022–23 estimates are based on inflating the 2019–20 outcomes, rather than the 2020–21. See the Overview for a discussion of the caveats and changes to methodology reflected in Figure 2.



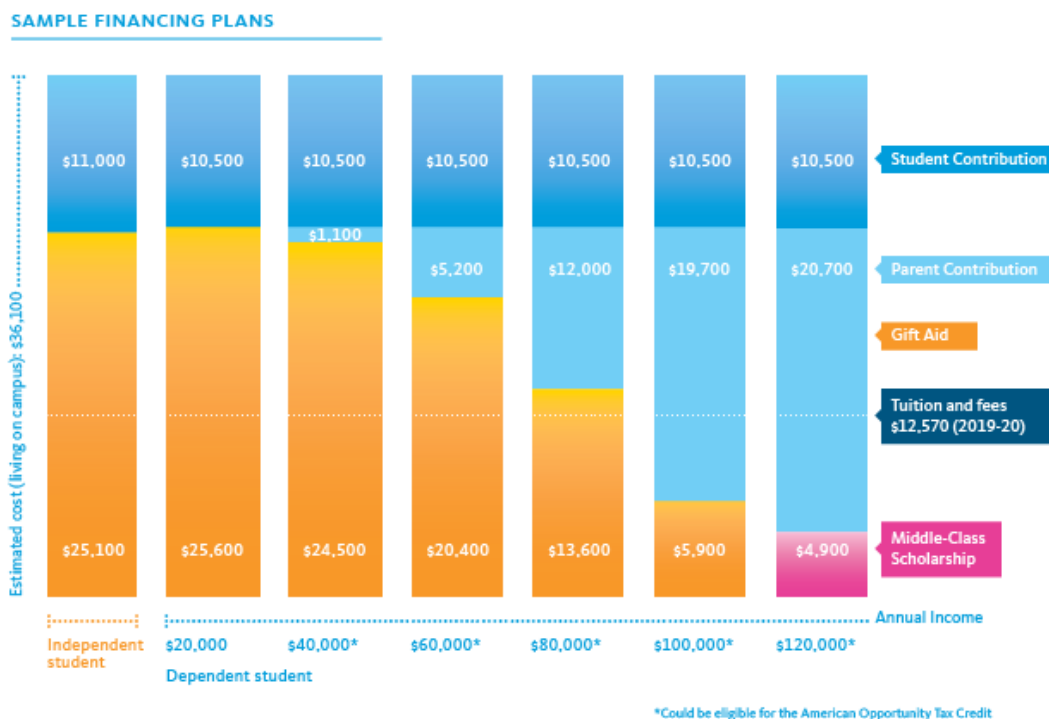
# III. FINANCING A UC EDUCATION

## Typical Financial Aid Packages

Figure 3 below depicts typical financial aid packages for students at different parent income levels living off campus (the most common housing category) for 2019–20. Given the unusual nature of 2020–21, this figure has not been updated from last year's report.

- *Self-help*: Self-help components of a student's package include both student loans and an expected contribution from employment. UC expects all students to be capable of making the same self-help contribution from a manageable level of work and borrowing.
- *Parent contribution*: As shown below, the expected parent contribution rises quickly with income. Parents are not, however, expected to pay this amount out of current income alone. A student's package may include a parent loan to help families cover this amount, and many families contribute from savings as well.
- *Grant assistance*: Grant assistance consists of need-based gift aid provided primarily through a combination of three sources: federal Pell Grants, Cal Grants, and UC Grants. The specific mix of grants depends on the student. UC Grants are awarded so that, in combination with all other grants, self-help is equalized across students.

**Figure 3: Typical Financial Aid Packages, 2019–20**



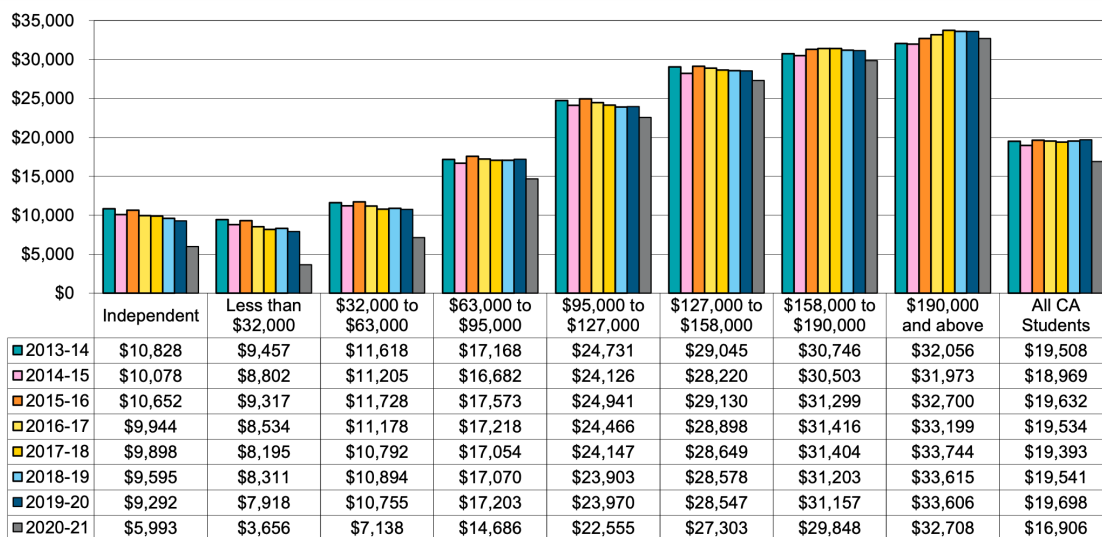
## Net Cost by Parent Income

The net cost of attendance represents the share of the total cost of attendance that a student and their family are responsible for covering, i.e., the Student Self-Help and Parent Contribution in Figure 3 above. Consistent with the EFM, UC's net cost—the cumulative impact of grants,

scholarships, and exemptions on the actual cost of attendance—is lowest for those students with the fewest financial resources.

Figure 4 below shows the trend in net cost for UC students by family income over time. Changes in the net cost of attending the University—that is, a student’s total cost of attendance less any grants, scholarships, and exemptions—have varied substantially depending on parent income. For families in the highest income bracket, the annual net cost of a UC education grew by over \$650 between 2013–14 and 2020–21 in inflation-adjusted dollars. Increases in gift aid lessened the increase in net cost for low-income families. In fact, the net cost declined for independent students and for students in all but the top two income groups during this period in inflation-adjusted dollars.

**Figure 4: Trends in the Net Cost by Parental Income Among CA Residents, 2020–21**  
**Constant Dollars**



Net cost is a function of a number of elements, including the estimated total cost of attendance, parent contributions, and gift aid. The total cost of attendance does not vary much by income, and the parental contribution is a function of the federal needs analysis formula. The primary tool to ensure that a UC education is affordable, then, is the use of need-based financial aid.

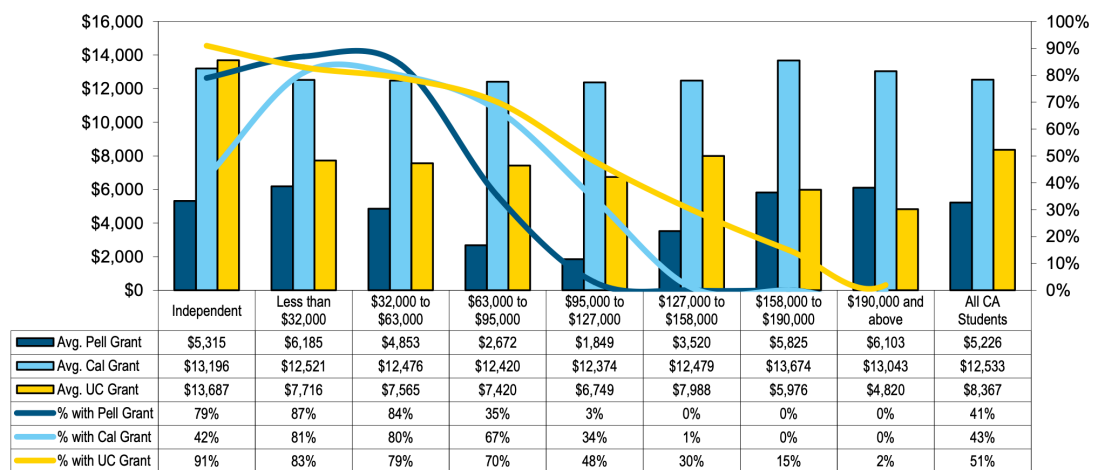
Figure 5 below shows the distribution of the primary federal, State, and University need-based grants by parental income. The federal Pell Grant program provides grants (up to \$6,345 in 2020–21) to low-income students. Eligibility declines rapidly with income, leading to the steep drop-off shown by the dark blue line in the figure.

Cal Grants typically cover students’ systemwide fees at UC. The Cal Grant program has an income ceiling that is high enough to include many families who do not qualify for a Pell Grant. However, as the light blue line in Figure 5 shows, the likelihood that a student qualifies for a Cal Grant declines quickly once parental income exceeds about \$80,000. Cal Grant eligibility requirements favor students who enroll in college within a year of graduating from high school or who transfer from a community college before they reach the age of 27, resulting in a lower percentage of Cal Grant recipients among independent students.

A student's UC grant (the gold line and columns) fills in any remaining need after taking into account the student's total cost of attendance, parental resources, self-help expectation from work and borrowing, and other grants received. Compared to Pell Grants and Cal Grants, UC grants serve a broader range of students and are more sensitive to students' overall resources and costs (not just tuition and fees). The average UC grant is highest for independent students for two reasons: needy independent students have no parental resources to draw upon and they are less likely than other low-income students to meet the Cal Grant eligibility requirements.

**Covid impact:** Overall, the net cost among all income groups declines compared to 2018–19 and 2019–20. This can be attributed to lower cost of living as more students attended the academic year remotely while living at home.

**Figure 5: Pell Grant, Cal Grant, and UC Grant Awards Among CA Residents, Academic Year 2020–21**



## Student Self-Help

As described above, the EFM assumes a consistent contribution from students to help cover their own total cost of attendance. The University's goal is to ensure that the self-help, which includes borrowing through student loan programs and part-time work, is manageable.

The self-help level in any given year is a function of the estimated total cost of attendance less the expected contribution from parents and all available gift aid. If gift aid from any source increases in a given year, all things equal, the self-help expectation will decrease. If gift aid decreases, the self-help expectation will increase. As noted above, the Board of Regents has increased the percentage of new tuition set aside for financial aid from 33 percent to 45 percent. Figure 6 below shows the average self-help level in 2020–21 by campus.

**Covid impact:** The self-help level declined for the system in 2020–21, largely due to an increase in the number of students packaged with financial aid in a commuter budget (see Overview). In normal years, the self-help is roughly the same at every campus, since the University moves resources to accomplish this. However, in 2020–21, Irvine, Los Angeles, and San Diego assigned commuter budgets to any student who left on-campus housing due to the pandemic, while others assigned off-campus budgets, which are much closer to the estimated costs of living on-campus.

Notably, UCLA had both the largest on-campus population before the pandemic, as well as the largest differential between on-campus and commuter expense budgets, which explains the differences by campus in Figure 6.

**Figure 6: Self-Help Levels 2020–21<sup>1</sup>**

	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	Santa Barbara	Santa Cruz	System
Average Self-Help	\$10,900	\$9,600	\$7,600	\$5,100	\$9,200	\$10,600	\$8,500	\$10,100	\$11,100	\$9,100

Figure 7 below shows the self-help levels by race and ethnicity. The variation between racial/ethnic groups is due to a number of factors that correlate with race. For example, the distribution of students from different racial/ethnic groups is not uniform across the system and, as Figure 6 shows, there is some variation by campus. The University awards its financial aid without preference to gender, race, ethnicity, or national origin.

**Figure 7: Self-Help by Race/Ethnicity, 2020–21<sup>1</sup>**

	African-American	American Indian	Asian	Chicano-Latino	Unknown	White
Average Self-Help	\$8,800	\$9,200	\$9,200	\$8,900	\$9,600	\$9,500

## Applicants

Figures 8–10 below show the number of applicants for financial aid—defined as those filing a Free Application for Federal Student Aid or California Dream Act Application—and the type of aid that they received.

As Figure 8 below shows, UC received 144,793 applications for financial aid from California residents, which is 75 percent of enrolled California residents. Of these applicants, 80 percent, or 116,349, received a Cal Grant or UC gift aid. As Figure 8 shows, the vast majority of those not receiving either a Cal Grant or UC gift aid were from families with an Expected Family Contribution (EFC) above \$20,000. Two percent (874) of the lowest income families were not served by these financial aid programs; they included late applicants, students served by other financial aid programs (e.g., large scholarship awards), or students otherwise ineligible (e.g., failed to register for the Selective Service, failed to complete other required paperwork). Figure 9 below further examines the 28,444 students identified in Figure 8 who did not receive a Cal Grant or UC gift aid. Nearly 2,440 of these students missed the filing deadline for Cal Grants (see Figure 9).

<sup>1</sup> The self-help levels reported in Figures 6 and 7 represent averages across all UC need-based grant recipients. For each student, the self-help level represents the total cost of attendance less parent contribution and any gift aid. The self-help level for UC San Diego was calculated adjusting the student expense budgets to include a healthcare allowance for all students, including those who waive out of the University Student Health Insurance Program, in order to make the calculation comparable to other UC campuses.

**Figure 8: Applicants for Financial Aid and Receipt of Aid, by EFC, 2020–21**

EFC Deciles (Not Income)	CA Resident Financial Aid Applicants	CA Residents with Cal Grant or UC Gift Aid	% of Applicants by EFC Decile	CA Residents without Cal Grant or UC Gift Aid	% of Applicants by EFC Decile
\$0	45,075	44,537	99%	538	1%
\$0 to \$5,000	36,274	35,823	99%	451	1%
\$5,000 to \$10,000	15,791	15,485	98%	306	2%
\$10,000 to \$15,000	9,095	8,679	95%	416	5%
\$15,000 to \$20,000	6,593	5,428	82%	1,165	18%
\$20,000 to \$25,000	4,922	2,392	49%	2,530	51%
\$25,000 to \$30,000	4,116	900	22%	3,216	78%
\$30,000 to \$35,000	3,228	492	15%	2,736	85%
\$35,000 to \$40,000	2,792	344	12%	2,448	88%
Greater than \$40,000	16,907	2,269	13%	14,638	87%
Total	144,793	116,349	80%	28,444	20%

An additional 7,678 students qualified for the Middle Class Scholarship program (see Figure 9). Accounting for both of these populations—those who did not meet the State’s deadline for applying for financial aid and those served by the State’s Middle Class Scholarship—leaves 18,323 students, or 13 percent of California on-time applicants for aid, who did not qualify for assistance, the majority of whom had high EFCs and were therefore less financially needy.

**Figure 9: Applicants for Financial Aid and Receipt of Aid, by EFC, 2020–21**

EFC Deciles	CA Residents without Cal Grant or UC Gift Aid	Late Applicants (post March 2)	MCS Recipients	On-time Applicants not served by Cal Grant, UC Gift Aid or MCS	% of all Applicants
\$0	538	131	13	394	1%
\$0 to \$5,000	451	112	8	331	1%
\$5,000 to \$10,000	306	68	48	190	1%
\$10,000 to \$15,000	416	60	93	263	3%
\$15,000 to \$20,000	1,165	95	620	450	7%
\$20,000 to \$25,000	2,530	172	1,461	897	18%
\$25,000 to \$30,000	3,216	225	1,678	1,313	32%
\$30,000 to \$35,000	2,736	174	1,381	1,181	37%
\$35,000 to \$40,000	2,448	174	1,175	1,099	39%
Greater than \$40,000	14,638	1,232	1,201	12,205	72%
Total	28,444	2,443	7,678	18,323	13%

Figures 10 and 11 below show applicants by financial aid dependency status and race/ethnicity.

**Figure 10: Applicants for Financial Aid and Receipt of Aid, by Dependency Status, 2020–21**

<b>Dependency Status</b>	<b>CA Resident Financial Aid Applicants</b>	<b>CA Residents with Cal Grant or UC Gift Aid</b>	<b>% of Applicants by Dependency</b>	<b>CA Residents without Cal Grant or UC Gift Aid</b>	<b>% of Applicants by Dependency</b>
Independent	16,101	15,460	96%	641	4%
Dependent	128,692	100,889	78%	27,803	22%
Total	144,793	116,349	80%	28,444	20%

**Figure 11: Applicants for Financial Aid and Receipt of Aid, by Race/Ethnicity, 2020–21**

<b>Ethnicity/Race</b>	<b>CA Resident Financial Aid Applicants</b>	<b>CA Residents with Cal Grant or UC Gift Aid</b>	<b>% of Applicants by Race/Ethnicity</b>	<b>CA Residents without Cal Grant or UC Gift Aid</b>	<b>% of Applicants by Race/Ethnicity</b>
African American	8,361	7,174	86%	1,187	14%
American Indian	796	598	75%	198	25%
Chicano/Latino	52,392	47,090	90%	5,302	10%
Asian	52,001	39,495	76%	12,506	24%
White	3,251	2,373	73%	878	27%
Unknown	27,992	19,619	70%	8,373	30%
Total	144,793	116,349	80%	28,444	20%

## IV. OUTCOME MEASURES

The University monitors multiple student outcome measures in order to evaluate the effectiveness of its undergraduate financial aid programs. They are designed to answer four basic questions:

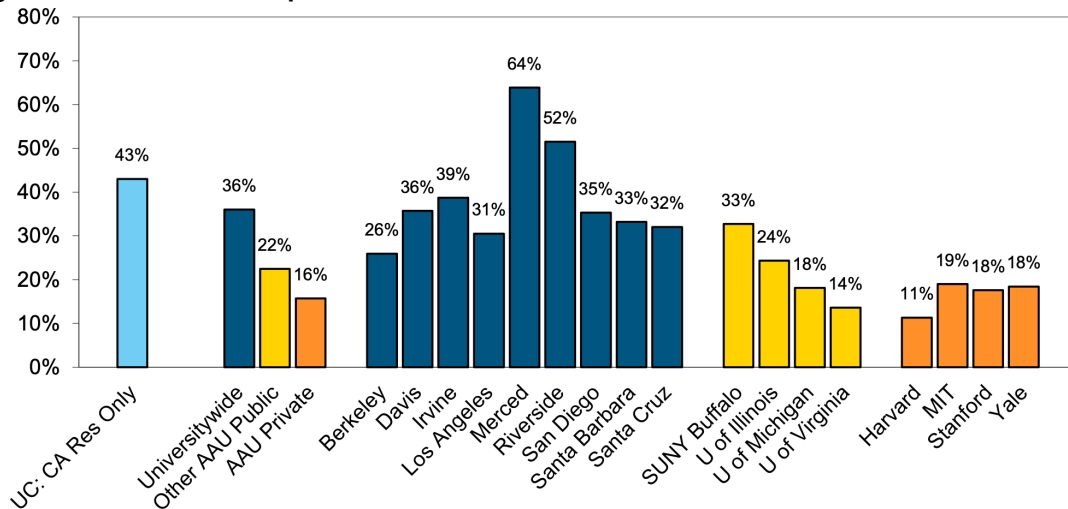
- Is the University financially accessible to students at every income level?
- Do UC students work manageable hours?
- Do students' financial circumstances affect their academic success?
- Do students graduate with manageable debt?

Additional outcome measures are available in the University's Accountability Report, online Information Center, and Annual Report on Student Financial Support.

### Enrollment of Low-Income Students

The percentage of undergraduate students with Pell Grants provides a useful means to compare different institutions in terms of their financial accessibility for low-income students. See Figure 12 below.

**Figure 12: Pell Grant Recipients at UC, Other Research Universities,<sup>2</sup> 2019–20**



Systemwide, UC enrolled a higher percentage of Pell Grant recipients—36 percent—than any other top research university in the country in 2019–20.<sup>3</sup> To keep the Pell percentages comparable with other institutions, all undergraduates are included when calculating the 36 percent. The percentage of Pell Grant recipients increases to 43 percent when limiting the analysis to California residents.

UC's exceptional success at enrolling low-income students is due, in part, to a combination of two strong need-based aid programs: the University's own institutional aid program and the State's

<sup>2</sup> Association of American University (AAU) member institutions

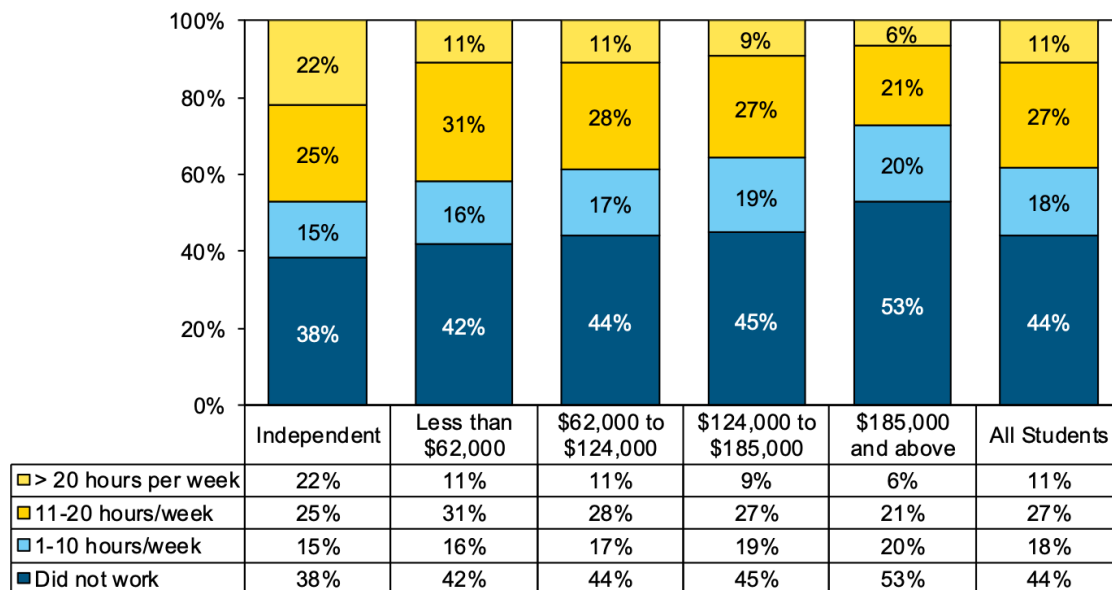
<sup>3</sup> Figures shown are for 2019–20, the most recent year for which data are available through the Federal Integrated Postsecondary Education Data System (IPEDS). IPEDS figures include only students enrolled in the fall term and hence may differ slightly from figures published elsewhere.

Cal Grant program. While students at other institutions often benefit from either a strong institutional aid program or a strong state aid program, UC students benefit from both.

## Student Work Hours

Under the EFM, the University expects each student to make a manageable contribution from employment towards financing the cost of the student's education, not to exceed 20 hours per week. The "cap" of 20 hours per week was based on research that suggests that work in excess of 20 hours per week tends to negatively affect a student's academic progress and performance. The University conducts periodic student surveys in order to monitor students' employment patterns. Findings from the Spring 2019 survey are shown in Figure 13 below.

**Figure 13: Hours of Student Employment by Income, All Undergraduates, 2019 University of California Cost of Attendance Survey (COAS)**



Among dependent students, work patterns show relatively slight variations by parent income. Many students at every income level do not work. This is consistent with the flexibility inherent in the EFM about how students actually cover their expected contributions. It also supports findings from a survey of parents of UC students, many of whom felt that it was their responsibility to cover their student's expenses so that their student did not have to work. One reason why some parents perceive UC's costs as burdensome may be that they are covering not only their expected share but also the student's expected contribution from work.

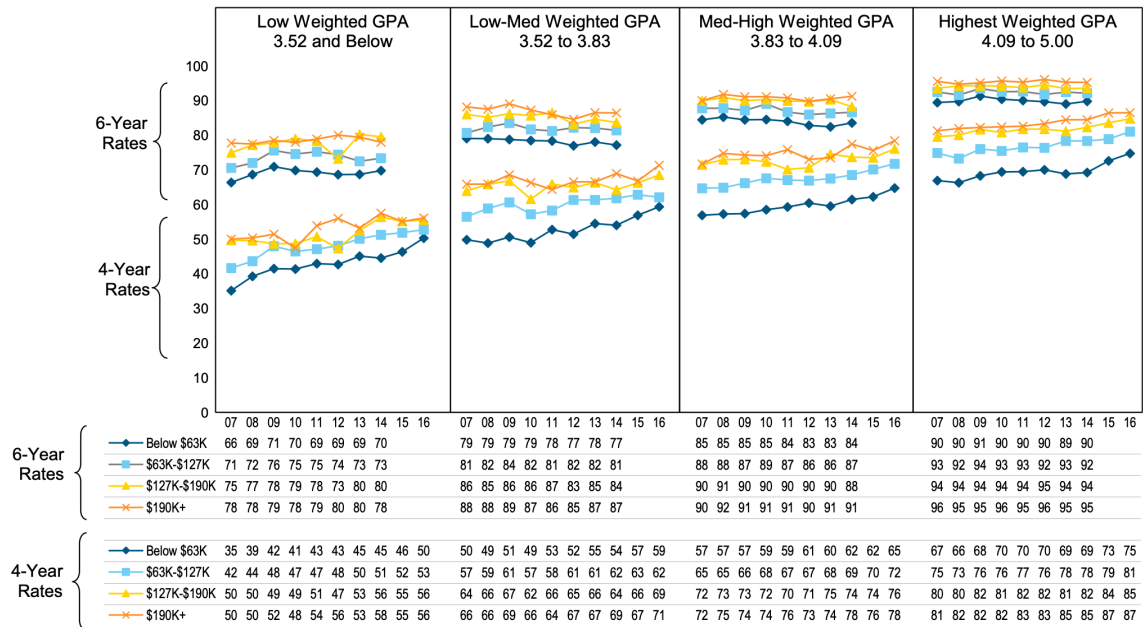
Some students at every income level report working more than 20 hours per week, which is beyond the upper bound of the University's manageable range. Many factors may account for this, such as parents who are unable or unwilling to contribute the amount expected of them or extraordinary expenses (higher than average discretionary expenses, family obligations, etc.).



## Academic Success

Four-year graduation rates for higher-income students have generally exceeded those of lower-income students with similar levels of academic preparation. These rates, which have diverged and converged somewhat at different points in time, show no apparent relationship to changes in students' costs or financial aid. See Figure 14 below.

**Figure 14: Four- and Six-Year Graduation Rates by Entering Year, Parent Income and High School GPA**



Six-year graduation rates show less difference by parental income level. Overall, the patterns suggest that the University's financial aid programs allow low-income students to remain enrolled long enough to overcome socioeconomic disadvantages, although additional work is necessary to close these gaps.

## Cumulative Debt Upon Graduation

The incidence of postgraduate debt declines with parent income: students from high-income families are much less likely to graduate with debt than students from low-income families or independent students (see the black lines in the figure above).

Overall, 42 percent of the UC graduating class of 2020–21 had some student loan debt, slightly less than the 2019–20 graduating class (44 percent). The average cumulative student loan debt at graduation for these borrowers (\$17,108) was lower than the comparable figure for 2019–20 graduates (\$18,351) after adjusting for inflation.

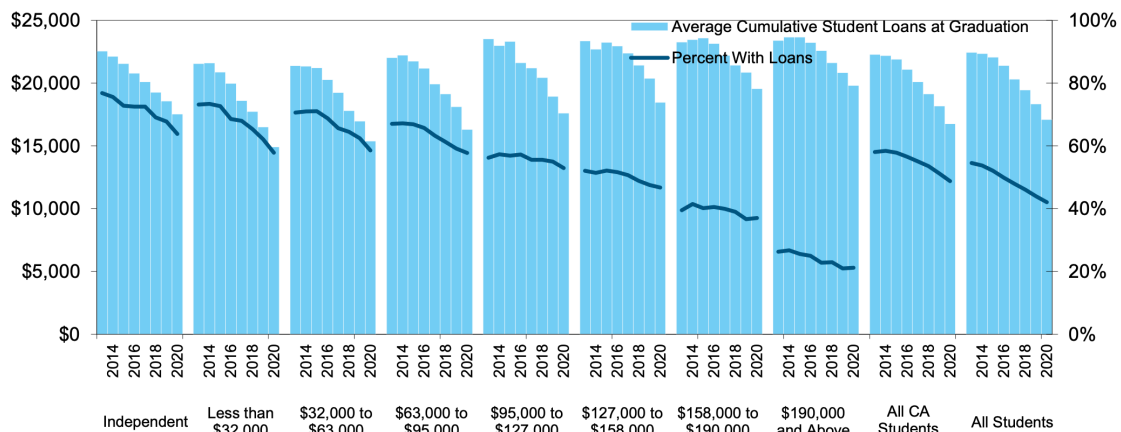
Borrowing among California resident students is higher (49 percent) than borrowing among all undergraduates, but also declined in 2020–21 from 51 percent the year before. Resident undergraduates saw a similar decline in the average debt, from \$18,183 in 2019–20 to \$16,777 in 2020–21 after adjusting for inflation.

UC's average student debt at graduation for all students and for California residents remains low compared with national averages. Nationally, 62 percent of the graduating class of 2019 had student loan debt, with an average of \$28,950 per borrower, according to the Project on Student Debt.<sup>4</sup>

The trend in cumulative borrowing among students in most income groups is consistent with the trend in annual borrowing discussed earlier (see Figure 15 below).

**Covid impact:** Student borrowing dropped significantly than in 2019–20. This is likely due to two reasons: 1) students moved home and thus had lower living and transportation costs; and 2) federal, State, and UC Covid relief funding may have mitigated the need to borrow.

**Figure 15: Trends in Cumulative Debt at Graduation Among California Residents by Parent Income and Among All Students, 2020 Constant Dollars**



<sup>4</sup> Website reference (accessed January 15, 2021): <https://ticas.org/our-work/student-debt/>.

## Appendix: Detailed Expenditures

Pursuant to **Section 66028.6** of the Education Code, the University of California is required to provide annually to the Legislature information on the expenditures of student fee revenues. The use of student fee revenue is reported, in the Detailed Expenditures by Program section of the Governor's Budget's, for past, current, and budget years. The table below lists the information presented in the Governor's Budget, by the representative expenditure categories. The report is to be submitted on or before February 1 each year, beginning with the 2012–13 academic year.

UC combines General Fund and fee revenue for efficient fiscal operations. It does not budget nor expend resources by individual fund source.

<b>6440 UNIVERSITY OF CALIFORNIA</b> <b>DETAILED EXPENDITURES BY PROGRAM</b> <b>STUDENT MANDATORY FEES (Rounded to thousands)</b>		
	2020-21 (actual)	% of Total
<b>INSTRUCTION</b>		
GENERAL CAMPUSES INSTRUCTION	1,329,313	36.24%
HEALTH SCIENCES INSTRUCTION	134,666	3.67%
Subtotal	1,463,979	39.91%
<b>ACADEMIC SUPPORT</b>		
LIBRARIES ACADEMIC SUPPORT	73,057	1.99%
OTHER ACADEMIC SUPPORT	270,342	7.37%
Subtotal	343,399	9.36%
<b>STUDENT SERVICES</b>		
Subtotal	386,990	10.55%
<b>INSTITUTIONAL SUPPORT</b>		
Subtotal	185,699	5.06%
<b>OPERATION AND MAINTENANCE OF PLANT</b>		
Subtotal	149,001	4.06%
<b>STUDENT FINANCIAL AID</b>		
Subtotal	1,138,965	31.05%
<b>TOTAL</b>	<b>3,668,033</b>	<b>100.00%</b>

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