

Undergraduate Financial Aid and Scholarships

UC offers a robust financial aid program for undergraduate students who enroll during the academic year. Students who apply for financial aid are offered a “package of aid” from multiple sources which vary depending on financial need and eligibility. Despite the robustness of our aid program, there are shortcomings.

Challenges

Although UC has been relatively successful in preserving funding levels for student financial aid packages, there are several mitigating factors which present challenges:

- The Blue and Gold Opportunity Plan is undermining our ability to target funds to students based on financial need because it operates with different rules than other aid programs. In addition, it uses existing grant funds – it does not have new fund source. It should not be expanded.
- There are not adequate work opportunities either on or off campus to meet student demand. A high percentage of our students need employment but only a small percentage of our students are hired. Some students are driving long distances to work.
- Many students and parents are reluctant to take loans we offer - negative messages about loans/debt are deeply ingrained – the \$9,000 UC-wide work/loan expectation is frightening for some. Campus scholarships offset this expectation but are relatively few in number.
- Demand for aid and advising is increasing. Many families are struggling financially due to the economic downturn. The number of applications for aid is increasing and we receive appeals for additional aid on a daily basis. There is a corresponding increase in demand for grant/scholarship funds, jobs and services from our office.

Philosophy

The undergraduate student aid program philosophy is to:

- Provide access, affordability & the opportunity for student success regardless of economic circumstances
- Prioritize UC grant aid to students with the most financial need
- Meet full financial need if possible (currently this is not possible)
- Utilize scholarship funds to help meet need and to reduce loan & work expectation for high achieving students with financial need.

UC Education is a Financial Partnership

The UC Education Finance Model (EFM) assumes that financing a student’s education is a partnership:

- Parents are expected to help pay the cost. The dollar amount is based on information from their FAFSA (Free Application for Federal Student Aid)
- Students are expected to contribute about \$9,000 from work, student loans and/or scholarships
- UC provides grant funding from education fee income. Each year about 30% is used to support the Undergraduate Student Aid Program
- Campuses raise scholarship funds to supplement aid packages and to fund high achieving students regardless of need (Regents Scholarship program).

The Blue and Gold Opportunity Plan

Beginning in 2008-09, President Yudof implemented this plan which promises that UC fees (education and student services fees) will be paid by gift aid for students from families with incomes under \$60,000. In 2009-10 the income was increased to \$70,000 and a further increase is proposed for 2010-11. The program is designed address concerns of middle income families related to fee increases. However, it has the effect of undermining our existing UC grant program because no new income has been added to fund it. Instead, it diverts funds from, higher need students because it promises grants to students who normally would not receive them. This is because it does not take into account other factors which we use to measure financial strength such as equity in investments and other assets, family size and number of students in college.

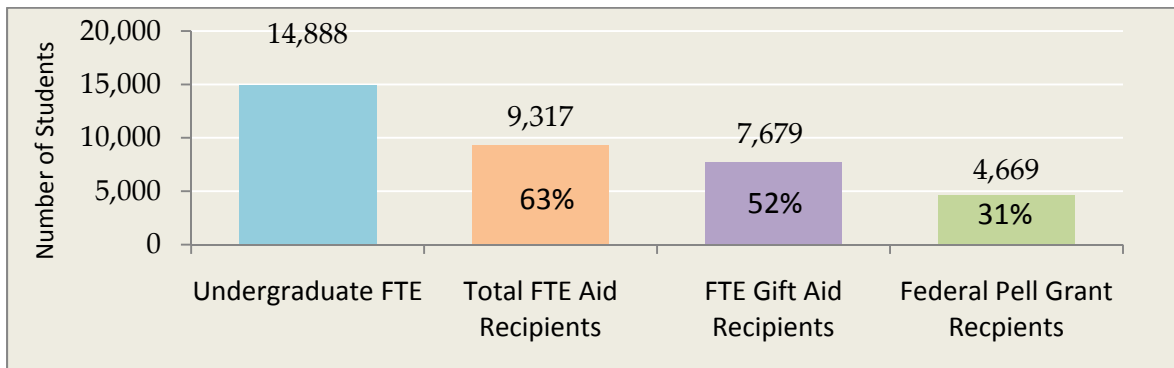
As the income cutoff increases and additional funds are required to support it, all students must contribute more from work and loan. The following chart illustrates the potential cost of this plan for 2011-12 depending on the level of income used:

Income Cap	Cost Increase over Current Program	Self-Help (Work/Loan Expectation)	Self-Help Increase Over Current Program
\$70,000	\$0.0 M	\$8,867	
\$75,000	\$2.0 M	\$8,893	\$27
\$80,000 *	\$4.9 M	\$8,932	\$65
\$85,000	\$8.7 M	\$8,982	\$116
\$90,000	\$13.3 M	\$9,043	\$177
\$100,000	\$25.0 M	\$9,200	\$333
\$120,000	\$45.6 M	\$9,474	\$608

*UC Financial Aid Directors and other members of the UCOP Education Finance Model Steering Committee are unanimously opposed to this plan – it is a political plan, not a practical plan. However, we compromised on an increase of the income cutoff to \$80,000 for next year. The President had proposed an increase to \$120K which clearly places the burden on higher need students.

2009-10 Aid Recipient Data

- 63% of undergraduates received some form of student aid
- 52% of undergraduates received gift aid – grants/scholarships that do not have to be repaid
- 31% of undergraduates were low income as defined by eligibility for Federal Pell Grants

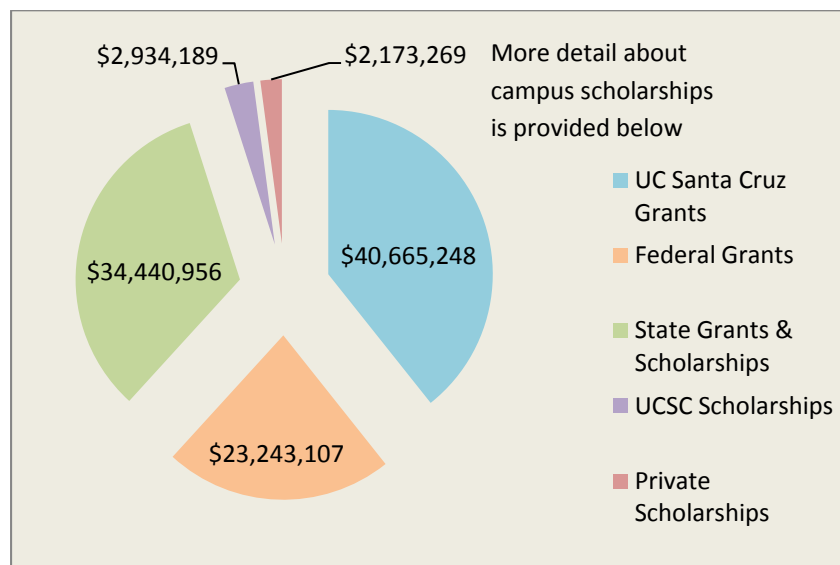


Financial Aid Sources and Totals for 2009-10 - \$176,913,822

Gift Aid - \$103,456,769

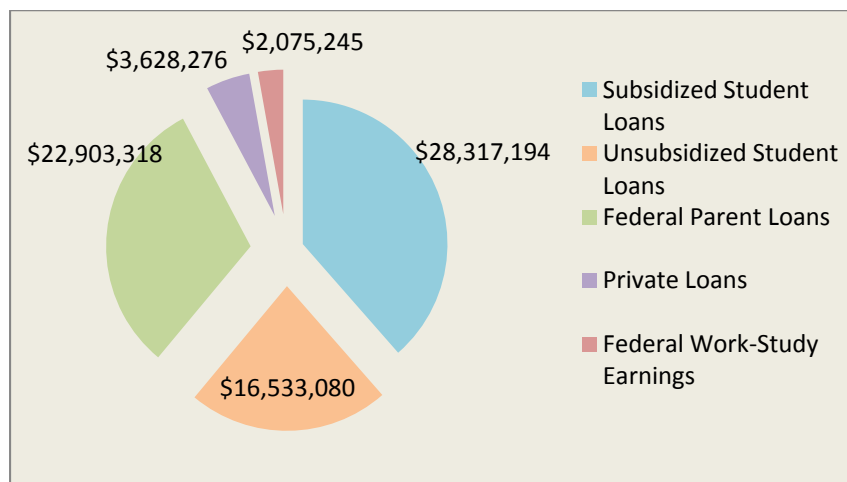
Grant funds are need-based and are provided by UC, the state and the federal government

- UC grants are funded from about 30% of education fee income; funds are distributed to campuses by UCOP using a formula based on the need of students on each campus.
- State Cal Grants are funded by the state via the California Student Aid Commission; grants are equal to education and student services (formerly registration) fees for eligible students (\$10,302 in 2010-11)
- Federal Pell Grants are awarded based on federal criteria to low income students. Pell Grant amounts range up to \$5,550 this year. A small number of other federal grants are also targeted to low income populations.



Loan/Work Aid - \$73,457,113

Federal student loans are available to all students - need-based loans are interest free while students are enrolled; non-need based loans accrue interest from the date of payment. Federal parent loans are available to parents who meet credit criteria. Virtually all applicants are offered loans.

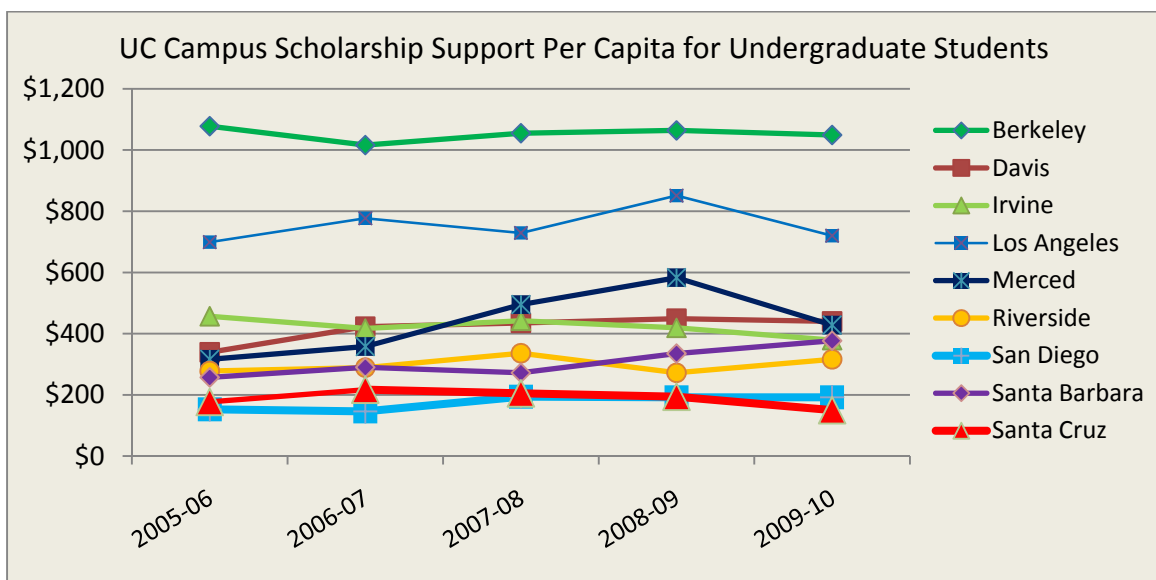


Campus Scholarships

UC Santa Cruz awards about \$3 million per year in undergraduate scholarships. Roughly half of the scholarships are awarded by campus departments and half are awarded by the Financial Aid and Scholarship Office via the Regents Scholarship, Campus Merit Scholarship, and other individual scholarship programs.

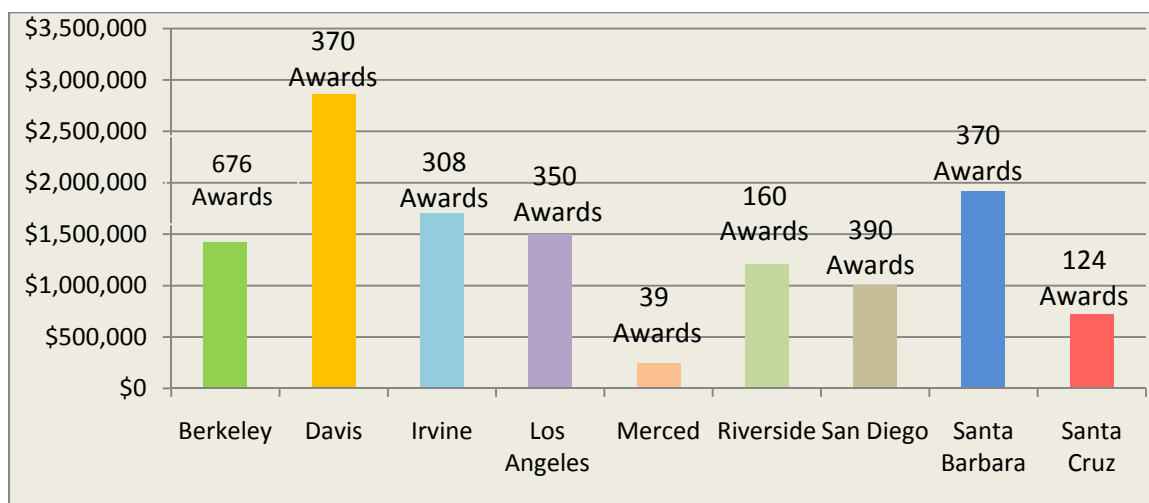
Scholarships offset need students may have that is not met through other aid sources. They are also an important means to lower the \$9,000 work/loan expectation for financial aid recipients. However, in 2009-10 we supported less than 1% of undergraduates (1,227 FTE) with campus scholarships. The following chart shows 2009-10 scholarship support per capita total FTE undergraduate enrollment at UC campuses.

UC Campus Comparisons



2009-10 Regents Scholarship Expenditures by Campus

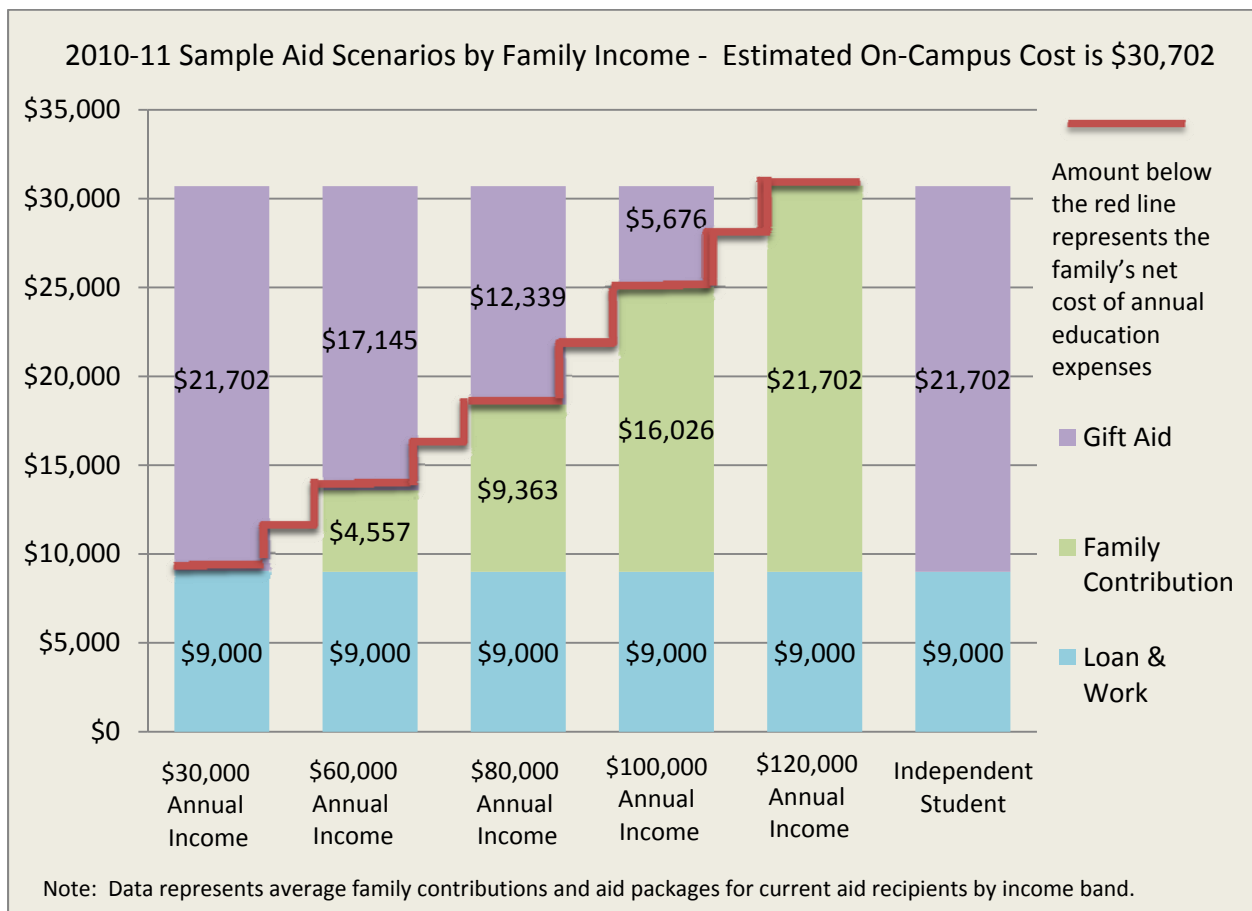
Regents Scholarships are the most prestigious scholarships we offer undergraduate students. CAFA establishes criteria and makes selections each year. The permanent budget for Regents Scholarships is \$785K per year.



Scholarship Fund Raising Goals and Needs – About \$20 million per year for the following:

1. Increase Campus Merit program- this would improve aid packages for undergraduates by keeping loan/work component reasonable; the goal is to increase funds controlled by the Financial Aid and Scholarship Office from about \$1.5 million to \$15 million per year
2. Increase the Regents Scholarship program from \$785K per year to at least \$1.5 million per year to attract top academically strong students regardless of financial need.
3. Develop external funding source to provide aid to undocumented students; these students are not eligible to receive any funding from UC, state or federal sources. The current population is estimated at 100 students but would grow if funds were available.
4. Increase support for foster youth, orphans and homeless students to provide transitional housing, housing during breaks, and other needs that are not covered by financial aid programs.

Current Student Sample Aid Packages



This table shows average aid packages for dependent undergraduate students by parent income. The column on the right represents the average aid package for a student who is not dependent on parent income – typically students aged 24 and older. In 2010-11 families with \$100K annual income received some grant assistance while those with \$120K and higher generally do not receive grant assistance.

The \$9,000 loan/work amount is reduced for students who receive UCSC or external agency scholarships.