

# THE FACTS: FINANCIAL AID FOR UC UNDERGRADUATES

The goal of the University of California’s undergraduate financial assistance program is to ensure that financial concerns are not a barrier to eligible students choosing to attend UC.

Financing a UC education requires a partnership among students, parents, federal and state governments, and UC. Parents are expected to contribute to the extent they are able, as defined by federal standards. The amount expected depends on parental income and assets (excluding home equity), family size, the number of family members in college and other factors. Parents with very limited resources may be expected to make no contribution.

While students are also expected to help pay for their education, UC’s goal is to provide sufficient funding to keep the amount students borrow and any part-time work at a level that allows students to make steady progress toward completing their degrees and to meet their loan repayment obligations after graduation.

## WHO GETS AID?

- In 2010-11, 69 percent of UC undergraduates received \$2.3 billion of financial support including grants, scholarships, loans and work-study awards.
- Approximately 62 percent of UC undergraduate students received some kind of grants or scholarships averaging \$14,763 per recipient. These grants are primarily from three programs: federal Pell Grant, Cal Grant and the university’s own grant program.

One indication of UC’s financial accessibility for low-income students is the enrollment of Pell Grant recipients, whose family income is generally below \$50,000. In fall 2010, the university enrolled the highest percentage (39 percent) of Pell Grant recipients in its history. UC Merced had the greatest percentage (56 percent), followed by UC Riverside (54 percent) and UC San Diego (44 percent).

## WHERE DOES FINANCIAL AID COME FROM?

In 2010-11, federal programs provided nearly half of all financial aid received by UC undergraduates. However, the largest providers of grants and scholarships — known as gift aid — were UC’s own institutional aid program (39 percent) and the Cal Grant program (35 percent).

| Source           | Percent of total assistance | Percent of gift aid |
|------------------|-----------------------------|---------------------|
| Federal programs | 46                          | 23                  |
| State programs   | 24                          | 35                  |
| UC programs      | 27                          | 39                  |
| Other agencies   | 3                           | 2                   |

The state’s Cal Grant program is critical to UC’s affordability for many students. Cal Grant awards typically cover recipients’ systemwide fees and thus cover increases for eligible students.

## WHAT IS THE BLUE AND GOLD OPPORTUNITY PLAN?

The Blue and Gold Opportunity Plan ensures that eligible California students with annual family income up to \$80,000 (beginning 2011-12) with financial need will have their systemwide tuition and fees covered by gift aid — a combination of federal Pell Grants, Cal Grants, and UC grants and scholarships. The plan will cover an estimated 65,000 UC students in 2011-12.

To qualify, a student must be a California resident and in his first four years as an undergraduate (first two years for transfer students).

Blue and Gold ensures a *minimum* amount of grant aid. Students with sufficient financial need can qualify for more grants to cover other expenses, such as campus fees, housing, books and transportation.

## **HOW WILL THE TUITION AND FEE INCREASE AFFECT STUDENTS WHO RECEIVE FINANCIAL AID?**

Despite raising fees, the university is committed to remaining financially accessible to undergraduate students at every level. One-third of the revenue generated by the tuition and fee increase is set aside for additional financial aid for needy students.

This set-aside, combined with expected increases in Cal Grant awards, will provide enough funding to cover the 2011-12 tuition and fee increase for about 99,000 students, or 55 percent of the university's 181,000 undergraduates.

Recipients of UC grants or Cal Grants, which generally go to students with annual family incomes up to \$70,000, can expect their awards to increase to cover the fee increase.

In addition, UC plans to expand its program to assist middle-income students with financial need who are not eligible for UC or Cal Grants. Those with parent income between \$80,000 and \$120,000 will receive a one-year grant that will cover the full tuition and fee increase.

## **ARE UC STUDENTS HEAVILY BURDENED BY LOANS?**

Fifty percent of the UC graduating class in 2009-10, the most recent year for which data are available, had some student loan debt, with an average cumulative debt of \$16,795. This figure has remained virtually flat since 2006 in inflation-adjusted dollars.

The standard monthly repayment amount for the average debt of \$16,795 is about \$160, which represents just under 5 percent of the estimated average monthly salary of UC graduates. Students with higher than average debt or lower than average earnings have the option of alternative repayment plans, including income-based repayment that caps repayment at 15 percent of net income (roughly 8-10 percent of total income).