

# Maintaining the Affordability of a UC Education

A Report from the Workgroup on  
Undergraduate Affordability

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Chancellor, UC Berkeley

# Workgroup on Undergraduate Affordability

- Established by the Provost in October
- Membership:
  - Representatives from every campus
  - Student representatives
  - Chair of the Academic Senate
  - Member of the Board of Regents

# Workgroup Members

Robert Birgeneau (*Chair*),  
Chancellor, Berkeley

Ellen Wartella (*Vice Chair*)  
Executive Vice Chancellor,  
Riverside

Benjamin Allen, Regent

Keith Alley, Executive Vice  
Chancellor and Provost, Merced

Rebecca Apostol, UCSA

William B. N. Berry,  
Professor, Berkeley

Michael T. Brown, Chair,  
Academic Senate

Janine Carmona, UCSA

Todd Lee, Assistant Chancellor –  
Budget and Planning, Santa  
Barbara

Meredith Michaels, Vice Chancellor,  
Planning & Budget, Santa Cruz

Janina Montero, Vice Chancellor for  
Student Affairs, Los Angeles

Rebecca Newman, Assoc. Vice  
Chancellor for Development, San  
Diego

Floyd Shimomura, President, Cal  
Aggie Alumni Association, Davis

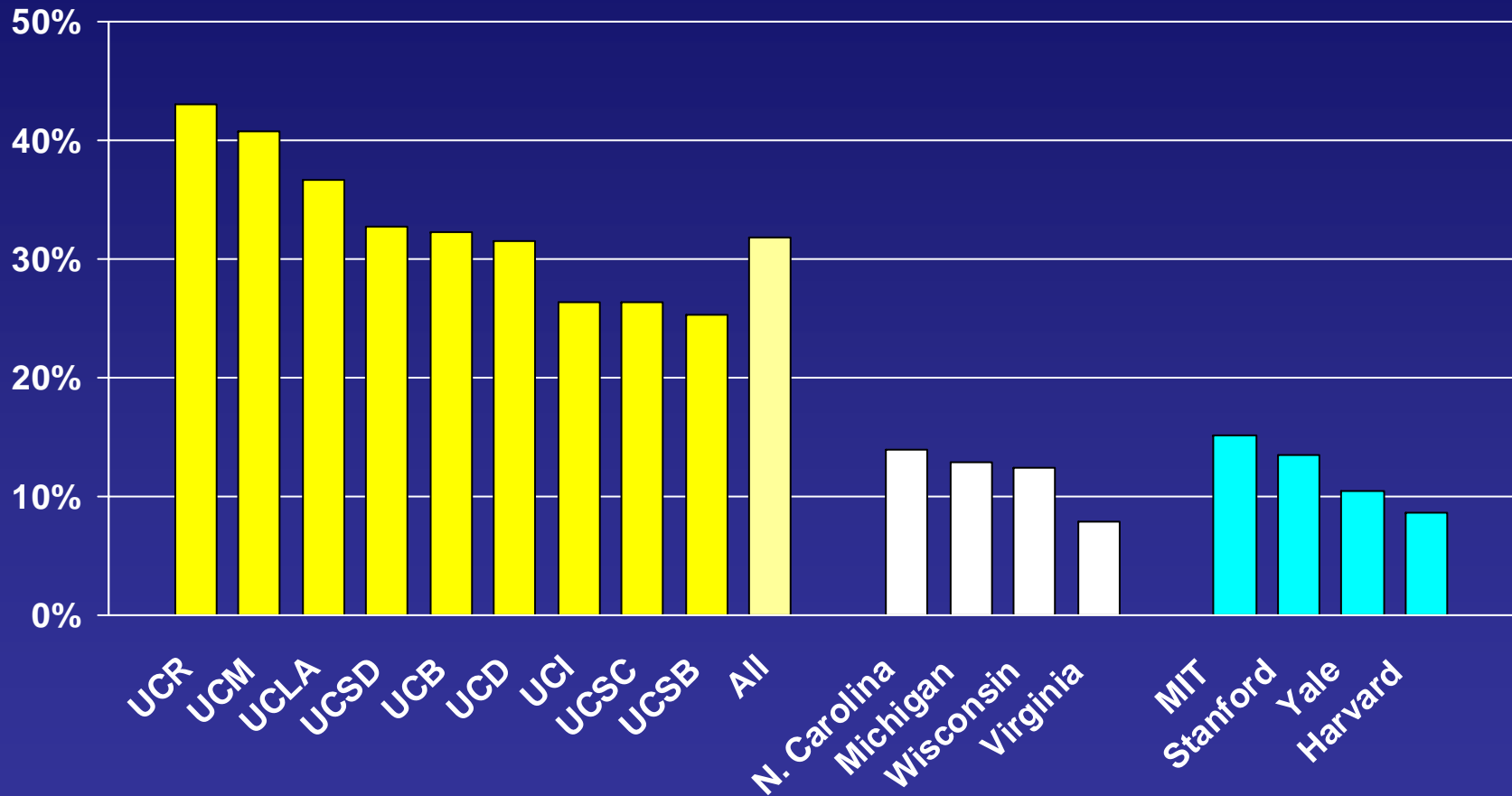
Brent Yunek, Acting Asst. Vice  
Chancellor for Enrollment Mgmt.,  
Irvine

# Affordability is Fundamental to UC's Mission

- The Master Plan calls upon UC to admit all academically eligible students
- The Regents' Financial Aid Policy ensures that this is not an empty promise
  - Guiding principle is to maintain affordability

# Current Assessment: Is UC Financially Accessible?

# UC Enrolls More Low-Income Pell Recipients Than Comparable Universities



# Other Affordability Indicators

- Little recent change in the income mix of UC students despite cost increases
- Students persist and graduate at similar rates despite differences in income
- Few UC students report working unmanageable hours
- UC students generally graduate with manageable debt

# UC's Financial Aid Strategy

- Expect All Students to Contribute From Work and Borrowing
  - Provide enough grant aid to keep self-help manageable
- Expect Parents to Contribute Based on Federal Formula
  - Provide moderate help to middle-income families when fees increase

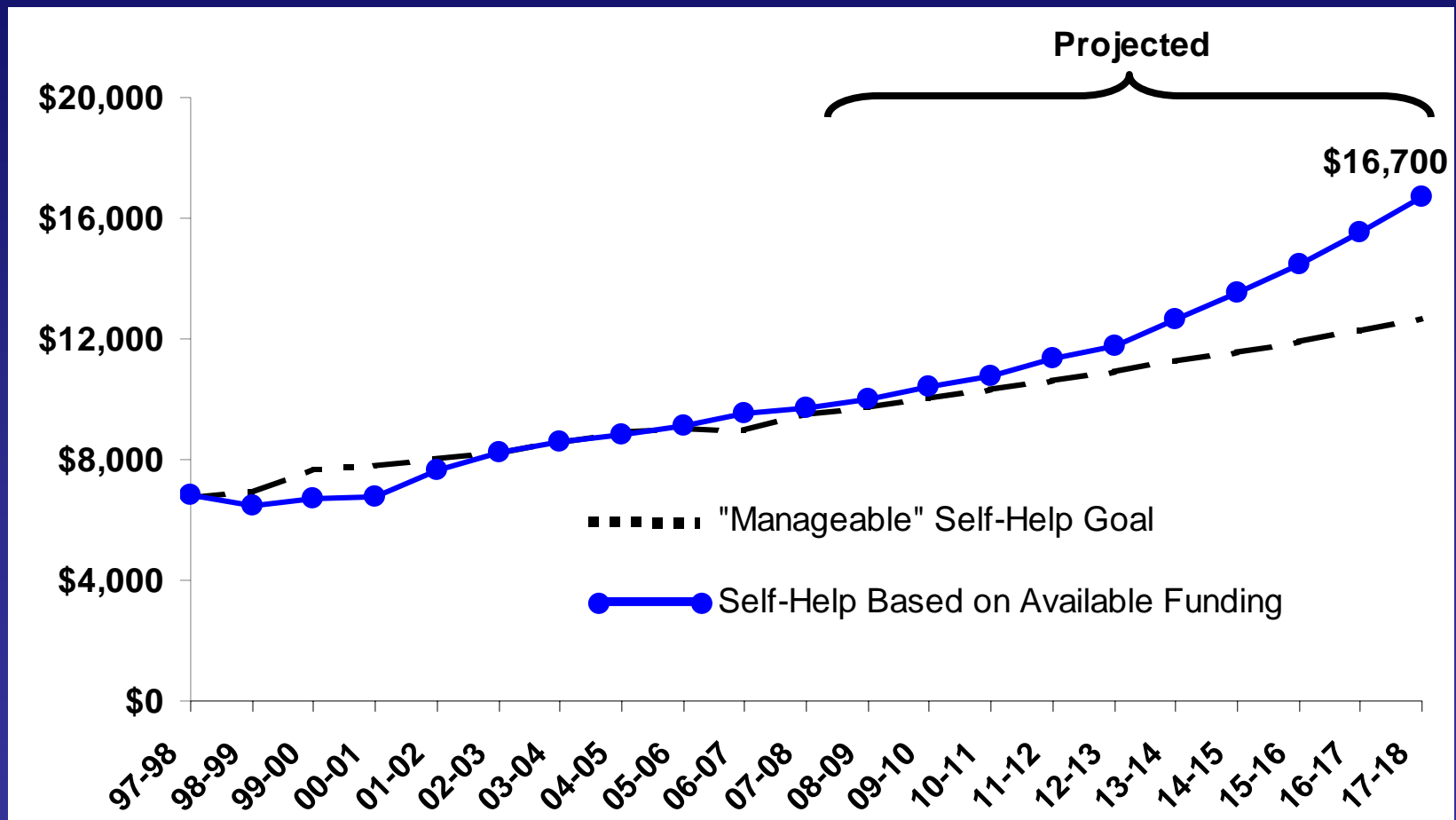
# Maintaining Financial Access for Low-Income Students

# What is “Self-Help”?

Self-Help =

- What UC expects students to contribute from work and borrowing
- Separate from parent contribution (which is \$0 for very low-income parents)

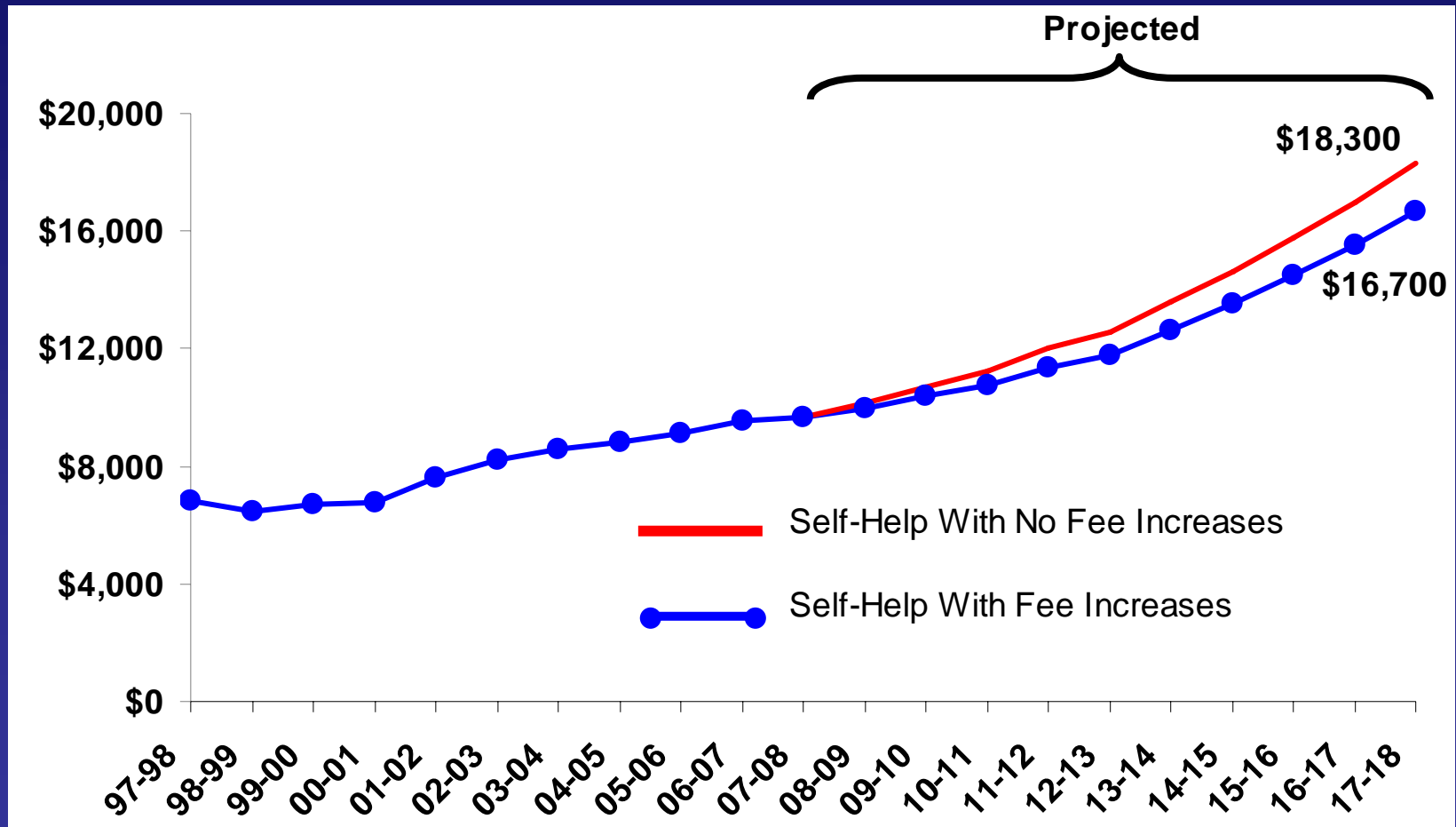
# Projected Self-Help Will Become Less Manageable



# What's Causing This?

- Non-fee costs will grow faster than the resources available to cover them
  - Housing, health insurance, etc.
- As costs rise, more students will need UC grants
  - Greater demand on UC's return-to-aid funds

# Fee Increases Are Not the Problem



# Underrepresented Students Are Often From Low-Income Families

## Percent With Pell Grants

African-American

47%

Hispanic

49%

Native American

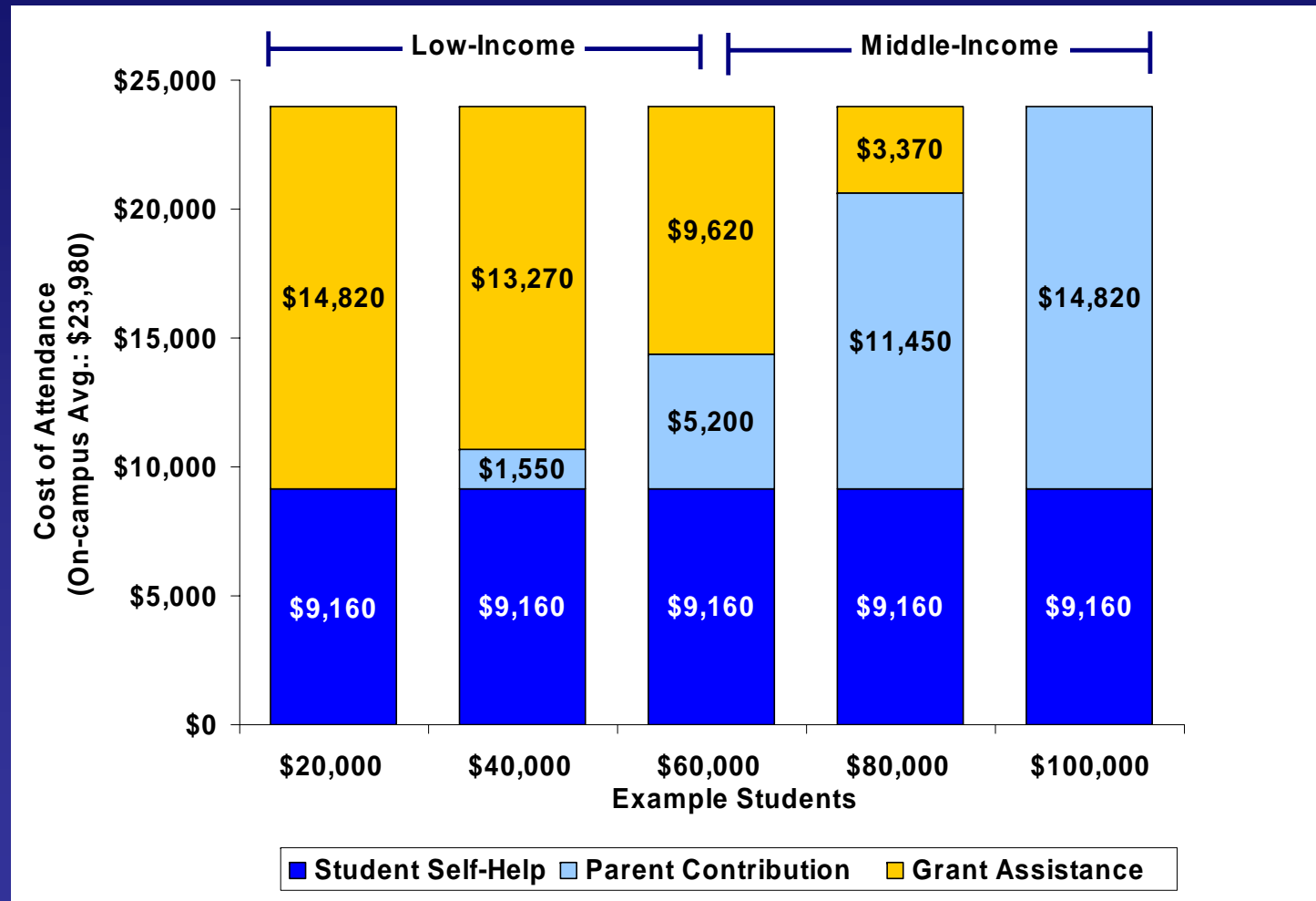
24%

# Goal 1: Maintain Access for Low-Income Students

- Recommended Action:
  - Increase funding for need-based grants to keep self-help manageable

# Maintaining Financial Access for Middle-Income Students

# UC Expects a Lot from Middle-Income Families



# Some Elite Privates to Provide Substantial Middle-Income Help

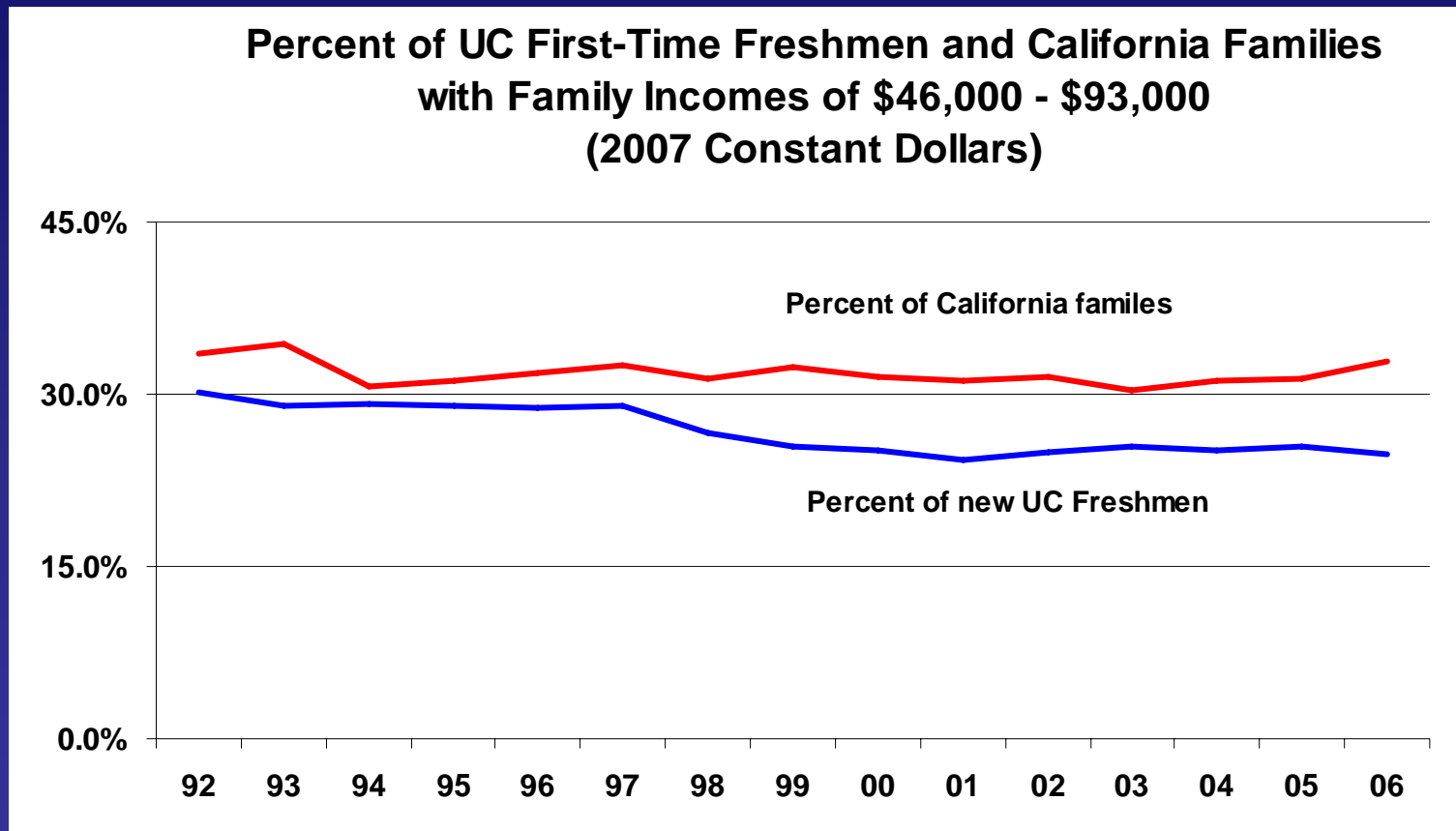
**UC Family  
Earning  
\$90,000**

**Harvard  
Family Earning  
\$180,000**

Total Cost:	\$25,000	\$48,000
<b>Typical Cost After Grants:</b>	<b>\$25,000</b>	<b>\$18,000 – \$24,000*</b>

\* Based on available information about Harvard's program

# Gap Between Middle-Income Families at UC and in California Has Grown



## Goal 2: Maintain Access for Middle-Income Students

- Recommendation:
  - Develop a more reasonable expected contribution from middle-income parents
    - Since less will be asked of parents, more students will become eligible for UC grants

# Addressing Extra Barriers For Certain Students

# Certain Students Face Additional Barriers

- California's undocumented AB540 students
  - Ineligible for UC, State, or Federal Aid
- Students from very low-income families
  - May be expected to help cover family expenses in addition to their education
- Former foster youth and orphans
  - No financial safety net

# Goal 3: Improve Financial Access for These Students

- Recommendations:
  - Remove barriers to eligibility for UC aid
  - Encourage campuses to reduce self-help for students with extraordinary financial barriers

# Funding Strategy for Workgroup Recommendations

# Multi-Pronged Strategy Is Needed

- UC must both:
  - Generate new, additional funds from external sources for UC students
  - Raise the priority of undergraduate aid for other UC resources

# Recommendation 1: Raise \$2 Billion for Need-based Grants Endowment

- Campus & system-wide effort over 10 years
- Two options:
  1. Raise \$2B from private sources
  2. Raise \$1B from private sources with \$1B State matching funds
    - Increase effectiveness of campaign
    - Must augment, not replace, other State support

***Additional Aid to UC Students: \$100M by 2017-18***

## Recommendation 2: Improve the Cal Grant Program

- Seek 1<sup>st</sup>-year fee coverage for students with Cal Grant B awards
  - Coordinate effort with other segments
  - Engage UC students, alumni, and other stakeholders
  - Sponsor legislation in coordination with UC's other legislative and budget priorities.

***Additional Aid to UC Students: \$75M by 2017-18***

## Recommendation 3: Increase Undergraduate Return-to-Aid

- Increase the return-to-aid on new fee revenue from 33% to 40% over 7 years
- Develop options for Regents for absorbing the cost given other UC priorities

***Additional Aid to UC Students: \$48M by 2017-18***

## Recommendation 4: Use a Portion of New Investment Revenue for Aid

- Allocate a portion of new revenue from an improved STIP investment strategy for financial aid
- The Regents should review and approve the proposed allocations on a campus-by-campus basis

***Additional Aid to UC Students: \$20M-\$40M by 2017-18***

# Impact of Recommendations

- If successful,
  - Self-help goal achieved for low-income students through 2015
  - Parent contributions reduced by \$40+M/year by 2015
- After 2015, further efforts may be needed, e.g.:
  - Further enhance Cal Grants
  - Continued efforts to contain non-fee costs (housing, books, health insurance, etc.)

# Next Steps

## For Workgroup:

- Seek comments from key constituents on draft report
- Submit final report and recommendations

## For Regents:

- Consider implementation options, beginning with 2008-09 budget

# Progress Must Start Now

- In spite of the anticipated difficult budget year, we must begin addressing this impending accessibility crisis now — in our 2008-09 budget submission

# Questions/Discussion