

**Ayer, Dorothy**

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**From:** Balboa, Jaime  
**Sent:** Thursday, January 08, 2009 12:34 PM  
**To:** 'Jenny Sharpe'; Wiley, Dorothy; Bristow, Joseph E.; Lacertosa, Judith; Mohr, Linda  
**Cc:** Hogg, Carolynne; Davis, Cathy; Cunningham, Kyle; Leary, John; Henderson, Brandie; Watson, Ryan; Ayer, Dorothy  
**Subject:** Senate Item for Review: UC Financial Aid proposal for Regents  
**Importance:** High  
**Attachments:** COC Blue and Gold Materials.pdf

**Senate Items for Review:** UC Financial Aid Proposal for Regents

**Due Date:** Please respond by **January 29, 2009**

**Return to:** Jaime Balboa, CAO, [jbalboa@senate.ucla.edu](mailto:jbalboa@senate.ucla.edu)

**Relevant Links:** Please see attachment

**On behalf of the UCLA Academic Senate Chair, review, including an endorsement of or opposition to the item (any recommendations made), is *specifically requested* of the following committees and councils:**

CUARS, UgC, CPB

Executive Board

**All other committees and councils are not required to opine, but they are welcome to. Minority reports are welcome and should be submitted with the response of the committee.**

**Background Information:**

On 1/7/2009, President Yudof asked for Academic Senate comment on his proposal to modify UC's financial aid program, attached as a short pdf document. President Yudof presented an earlier version of this proposal to the Council of Chancellors in December and presented the current version today to the Chancellors today. He intends to present it to the Regents on February 3 and requests comments by February 1.

Systemwide Senate Chair Mary Croughan advised President Yudof that the Senate cannot conduct a full review in time to meet his deadline. However, she asks that the chairs of the committees on Planning & Budget, Educational Policy, Admissions & Relations with Schools, Affirmative Action & Diversity, and Preparatory Education review the proposal at the Systemwide level.

Chair Croughan is fully aware that not all Divisions will be able to respond to this request on such short notice, but she wishes to provide the opportunity to comment if you wish.

The Executive Board at UCLA will review the document at its 1/22/09 meeting. **If you would like your committee responses formally reflected in the Board's response, please respond by 1/21/09.** Otherwise, the Senate CAO and Chair will do our best to synthesize all responses on behalf of the Division.

## **PROPOSED BLUE AND GOLD OPPORTUNITY PLAN: Briefing for January 2009 Council of Chancellors**

The Council of Chancellors discussed a proposed “Blue and Gold Guarantee” on their December 3 teleconference. Additional campus discussion has ensued, including a December 18 teleconference of the Education Financing Model (EFM) Steering Committee. A revised version of the proposal (see Attachment A) reflects input from these discussions.

### **Modifications from December 3 Proposal**

Two key changes have been incorporated into the revised version.

*Elimination of reference to “guarantee” in proposal terminology.* The concern is that the term “guarantee” (and related options like “promise,” “pledge,” etc.) suggests an on-going, unbreakable commitment when, in fact, the commitment is contingent on funding. The revised name for the proposal is the Blue and Gold Opportunity Plan.

*Better alignment of basic Blue and Gold eligibility requirements with those of other UC aid programs.* The basic requirements for Blue and Gold eligibility have been aligned to those of UC’s primary aid programs. Examples include requirements that a student have financial need, meet campus satisfactory academic progress standards, be enrolled at least half-time, not already hold a bachelor’s degree, meet campus financial aid application deadlines, not be in default on student loans, etc. Within these requirements, Blue and Gold beneficiaries must also be California residents, have income below \$60,000, and be in their first four (two if a transfer) years of UC attendance.

### **Cost implications**

The revisions, in combination with refined cost projections, reduce implementation costs. The current one-time incremental cost of the gift aid needed in 2009-10 under the revised proposal (assuming a 9.3% fee increase) is now estimated to be \$3.1 million. It is proposed that the incremental cost be funded by an increase in 2009-10 return-to-aid to 36% so that the implementation of the Blue and Gold not reduce current aid packages to needy students. Adjustments in return-to-aid can be made in future years to reflect lower on-going costs. Attachment B provides additional detail.

### **Impact on allocations**

Because of the high overlap between UC funds used to meet the Blue and Gold and funds used for regular EFM grants, recognizing campus need for the Blue and Gold will have little impact on the distribution of total return-to-aid funding across campuses.

### **Beneficiaries of the Blue and Gold Opportunity Plan**

Although the Blue and Gold is primarily intended to better market the value of UC’s current financial aid programs, it will result in additional gift assistance to an estimated 1,100 undergraduates. These are students who have relatively low financial need due to (1) high assets, (2) low costs (e.g., commuter students), or (3) high student income. Although these categories clearly represent students who should have lower priority for UC grant funds given EFM principles, the students do meet federal need standards and thus do not represent truly “embarrassing” situations for the University.

*DRAFT***PROPOSED BLUE AND GOLD OPPORTUNITY PLAN****Context**

The University is initiating a new Blue and Goal Opportunity Plan to provide a more transparent and compelling message about UC's undergraduate financial accessibility. Despite the fact that UC provides gift aid averaging \$10,300 per recipient to over half of all undergraduates and enrolls a higher percentage of low-income students than other top-ranked research universities, the public and prospective students still have concerns about UC's cost and financial accessibility, especially as UC raises its fees. The Blue and Gold cuts through the complexity of existing financial aid programs with a more easily understood proposal to cover UC systemwide fees with gift aid for financially needy undergraduates with less than the median household income in California.

**Proposal**

Contingent upon funding, UC will:

- Under the new Blue and Gold, provide that financially needy undergraduates with income up to the median for California households (\$60,000) and enrolled in their first four years (two if a transfer) will have UC systemwide fees covered by scholarship or grant awards, and
- Continue to provide UC grants that cover half of the annual increase in systemwide fees to other financially needy undergraduates with incomes less than \$100,000.

In addition to this minimum funding, undergraduates with sufficient financial need will receive additional grant support to help defray other educational expenses (e.g., books, living expenses, transportation, etc.).

To receive either fee benefit, students must:

- Be a California resident
- Submit a financial aid application (the FAFSA) and provide any requested additional documentation to verify income and other eligibility criteria by campus deadlines
- Apply for a Cal Grant (if not already a recipient)
- Have financial need (as determined for federal need-based aid programs)<sup>1</sup>
- Have income below \$60,000 (as determined for federal need-based aid programs)<sup>2</sup>
- Be enrolled in an academic year term (summer is excluded)
- Meet other campus basic requirements for UC grant assistance (e.g., be enrolled at least half-time, meet campus satisfactory academic progress standards, not already hold a bachelor's degree, not be in default on student loans, etc.)

The Blue and Gold will be reviewed annually and extended or modified subject to an evaluation of resources, including funding from the Cal Grant and Pell Grant programs. All sources of scholarship and grant awards (federal, state, institutional, and private) will count towards the fee coverage benefit.

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<sup>1</sup> The Blue and Gold is capped at UC Education/Registration fees or financial need, whichever is less.

<sup>2</sup> Parent income is used for dependent students; student (and spouse) income is used for independent students. Per federal need analysis, income includes both taxable income (e.g., Adjusted Gross Income) and nontaxable income (e.g., non-taxable interest) and benefits (e.g., social security benefits).

**COST IMPLICATIONS OF PROPOSED  
BLUE AND GOLD OPPORTUNITY PLAN**

The following table summarizes the cost implications – expressed both in dollars and as a return-to-aid percent – for the one-time Blue and Gold Opportunity Program implementation cost in 2009-10 and for the on-going additional costs in future years.

	2009-10 Fee Increase	Implementation Cost for 2009-10			On-Going Add'l Cost as % of New Fee Revenue, Future Years
		New Cost in 2009-10	Est. New Fee Revenue in 2009-10	2009-10 Cost as % of New Revenue	
Income Cap					
Median Household (\$60,000)	9.3%	\$3.1 M	\$104 M	3.0%	0.7%
	20.0%	\$3.0 M	\$223 M	1.4%	0.7%

**Summary Points:**

1. Assuming a 9.3% fee increase, the Blue and Gold would cover an estimated \$3.1 million in systemwide fees for about 1,100 students in 2009-10 whose fees would not otherwise be fully covered by other UC and outside gift aid. Funding this amount would require about 3.0% of the new revenue generated by the fee increase.
2. A higher fee increase in 2009-10 would reduce the incremental cost of the Blue and Gold because, for some students, the additional return-to-aid funds would cover more fees irrespective of the Blue and Gold.
3. As fees increase beyond 2009-10, maintaining the Blue and Gold for the 1,100 beneficiaries would require about 0.7% of the new revenue generated by future increases.

**Table B-1**  
**Projected 2009-10 Fee Coverage and Incremental Benefit for Blue & Gold-Eligible Students**  
01/06/2009

Campus	Eligible Students and Fees			Est. Awards Covering Eligible Fees				Eligible Students Without Full Fee Coverage				
	#	Elig. FYE	Eligible Fees	Cal Grants	Pell/ SEOG	Other Gift Aid	UC Grant	Capped at Need (i.e., B&G Cost)				Above Need
								\$	#	Elig. FYE	% of Eligible	
Berkeley	6,916	6,499	\$50.6 M	\$33.1 M	\$7.6 M	\$4.1 M	\$5.2 M	\$0.5 M	167	156	2%	\$0.1 M
Davis	6,993	6,581	\$51.3 M	\$35.2 M	\$7.4 M	\$1.7 M	\$6.5 M	\$0.5 M	160	153	2%	\$0.1 M
Irvine	5,388	5,182	\$40.4 M	\$27.1 M	\$5.6 M	\$1.2 M	\$5.8 M	\$0.5 M	147	140	3%	\$0.1 M
Los Angeles	6,392	6,165	\$48.0 M	\$32.8 M	\$6.4 M	\$2.2 M	\$6.1 M	\$0.4 M	144	131	2%	\$0.1 M
Merced	972	936	\$7.3 M	\$4.8 M	\$1.1 M	\$0.4 M	\$1.0 M	\$0.1 M	26	25	3%	\$0.0 M
Riverside	5,923	5,501	\$42.8 M	\$29.0 M	\$6.3 M	\$1.0 M	\$6.1 M	\$0.4 M	137	114	2%	\$0.1 M
San Diego	7,018	6,706	\$52.2 M	\$37.7 M	\$6.5 M	\$1.7 M	\$5.8 M	\$0.4 M	127	117	2%	\$0.1 M
Santa Barbara	4,536	4,309	\$33.6 M	\$24.2 M	\$3.9 M	\$0.9 M	\$4.4 M	\$0.2 M	57	49	1%	\$0.0 M
Santa Cruz	3,980	3,726	\$29.0 M	\$19.4 M	\$4.1 M	\$0.9 M	\$4.2 M	\$0.3 M	86	79	2%	\$0.1 M
<b>Total</b>	<b>48,118</b>	<b>45,605</b>	<b>\$355.2 M</b>	<b>\$243.2 M</b>	<b>\$49.0 M</b>	<b>\$14.1 M</b>	<b>\$45.2 M</b>	<b>\$3.1 M</b>	<b>1,051</b>	<b>964</b>	<b>2%</b>	<b>\$0.6 M</b>

**Key Points:**

- (1) For 2009-10, systemwide fees (assuming a 9.3% increase) charged to undergraduates eligible for the Blue & Gold are expected to be \$355 million. Cal Grants are expected to cover \$243 million (68%) of this total. When other scholarships and grant aid, including UC grants, that these students would receive absent the Blue and Gold are taken into account, there remains \$3.1 million of uncovered Blue and Gold gift aid eligibility.
- (2) Under a 9.3% fee increase, raising the return-to-aid on new systemwide fee revenue from 33% to 36% would generate roughly \$3.1 million, enough to cover the one-time incremental cost of implementing the Blue and Gold.