Davis Division Academic Senate

Request for Consultation Responses

UC Undergraduate Financial Aid Strategies and Policies

March 20, 2013

Forwarded for expedited and limited review is a set of three proposals for revising the method by which UC funds and allocates student financial aid. As detailed in her letter to Council Chair Bob Powell, attached, Provost Dorr requests that the Academic Council provide her with advice on the relative merits of the three approaches by the end of March. Chair Nachtergaele is seeking input from specific committees and will also schedule a discussion of the proposals during the March Executive Council Meeting if possible. The Division must respond by March 22, 2013.

Admissions & Enrollment

March 20, 2013 3:03 PM

UC DAVIS
ADMISSIONS AND ENROLLMENT

20 March, 2013

Buno Nachtergaele
Academic Senate Chair (Davis Division)

Dear Bruno,

The Committee on Admissions and Enrollment has reviewed and discussed the document entitled "University of California Undergraduate Financial Aid Funding Options," which describes the options under consideration for modifying the University's financial aid funding and allocation methodology and explains the underlying motivations and many of the envisioned ramifications. In general, the committee supports the overall Education Finance Model (EFM), which has been successful in making UC accessible to students at all income levels and has made it possible to both enroll a higher percentage of low-income students than most comparably selective institutions and provide reasonable levels of grant aid to middle- and high-income students, through its Blue & Gold Opportunity program and merit-based grants and scholarships (as detailed in the 2012 Annual Report on Financial Aid). Because of widely shared concerns about the effect of tuition and fee increases on the perception of affordability for students and parents at all income levels and, especially, on their apparent effect on middle-income students, as demonstrated by recent enrollment and debt trends, the committee also supports the goal of increasing the amount of UC grant aid available to students with family incomes above $80,000. Other aspects of the plan for which there is clear support, independently of which of the options is chosen, are:

- The idea of adopting the College Board's "Institutional Methodology" or a UC-specific methodology for obtaining more accurate information on family resources.
- The proposed systemwide fundraising effort to augment the amount of available financial support for students at all campuses.

It is unfortunate that all of the options assume annual increases in tuition, which may not be viable in the current or any future political climate in California, and that the choices revolve around increasing the net cost of a UC education for students and their families, in one way or another, with the probable effect of increasing average debt levels. Underoption A, students at the higher end of the income range pay increasingly more tuition than other students in order to yield the desired net-cost reduction for students in the $80-120K income range. The self-help expectation for students with financial need is kept at the midrange level on a scale of “manageability.” In order to yield the same approximate effect on net cost for students in the $80-120K income range, without a differential increase in net cost to students in the higher income range,option B increases the self-help expectation, formulated in terms of number of years in loan repayment, yielding a disproportionate increase in net cost for lower-income students. Option C, which allows the self-help expectation to fluctuate annually in order to maintain the return to aid at 33% independently of tuition revenue levels, allows for less predictable net costs to students and projects increases in both debt and student work levels.

Most members of the committee either support or lean toward option A. With respect to the status quo, it reduces the net cost for students in the $80-120K income range more so than the other options, while at the same time not disproportionately increasing the net cost for lower-income students. The concern, of course, is that the effect of increasing the tuition burden of higher-income students could put UC out of reach or make it less attractive for more of them, including international and national students, whose net cost of attendance is affected by increases in the tuition and fees in question for financial-aid funding, as well as increases in supplemental non-resident tuition. Largely for this reason, some committee members lean toward option B. Moreover, by making UC somewhat less accessible, option B could end up causing a reduction in percentages of enrolled students in the lower income range, which would reduce the need to use tuition revenue for financial aid. No support was expressed for option C.

One further concern has to do with the potential negative effect on continuing-student retention of an abrupt change in procedure. Under option A, the tuition increase from 2013-14 to 2014-15, which would not be ameliorated by grant aid for students with no financial need, would be a little over $1,000. Perhaps this could be phased in.

Sincerely,

Patrick Farrell

Patrick Farrell, Chair

Council of School & College Faculty Chairs (LS: HACS)

March 11, 2013 5:48 PM

College of Letters and Science

Faculty Executive Committee

Undergraduate Financial Aid Models

The L&S Faculty Executive Committee (FEC) strongly endorses the proposal to change the model of undergraduate financial aid to enable a certain degree of predictability in funding sources, as well as to attempt to define manageable debt. We believe that these are two important principles to pursue going forward.

Of the options outlined in the proposal, the L&S FEC endorses Option A because it "*reduces* the net cost for students from low? and middle?income families while *increasing* the net cost for students from higher?income families" (4). Indeed, the table provided (figure 1) indicates that the projected difference in the cost of education for a family with an income of $50,000 is almost $2000 less under Option A than under Option B for 2017. We note that according to figure 2, the projected difference for a family with an income of $100,000 is less than $100. Clearly, $2000 represents a more significant percentage of income for the family earning $50,000/year.

Because option C is not predictable, we cannot endorse it, in spite of the fact that the projected cost of an education for a family earning $50,000/year is actually lower than under option A.

Courses of Instruction

March 20, 2013 2:10 PM

No response at this time.

Elections, Rules & Jurisdiction

March 20, 2013 1:54 PM

No response at this time.

Graduate Council

February 16, 2013 6:42 PM

No response at this time.

Planning & Budget

March 20, 2013 1:54 PM

CPB agrees with the concept of the need for a strong base for financial aid so that access to the UC is not restricted to the affluent. There really is no basis for selection of any of these options in a period in which tuition increases are frozen, so all we would currently do is endorse the concept and urge that the State of California be reminded of their responsibility to ensure access to the UC for all qualified California students.

Research

March 20, 2013 1:54 PM

No response at this time.