

Office of the President

TO MEMBERS OF THE SPECIAL COMMITTEE ON BASIC NEEDS:

DISCUSSION ITEM

For Meeting of September 17, 2019

REVIEW OF THE 2017 TOTAL COST OF ATTENDANCE WORKING GROUP REPORT

EXECUTIVE SUMMARY

In 2018, the President and the Regents charged the Total Cost of Attendance (TCOA) Working Group to examine whether the Education Financing Model (EFM), as currently designed, was achieving the goal of the Regents Policy 3201: The University of California Financial Aid Policy on undergraduate financial aid or whether the EFM needs to be reformed (see attached report for the Workgroup Charge and the Regents Policy).

This briefing for the Special Committee on Basic Needs will provide

- A review of the findings and recommendations from the TCOA Working Group, as presented to the Board of Regents in November of 2018, and
- Updates on the recommendations.

Regents Policy 3201: The University of California Financial Aid Policy calls for making the cost of attendance for California undergraduates, which includes tuition, fees, and expenses for housing, food, educational materials, and transportation, affordable. The policy specifies that the cost of attendance be met through a combination of family resources (to the extent that they are able), a manageable contribution from the student, and grant support from federal, State, the University, and private sources. The Education Financing Model (EFM) is the University's strategy for implementing this policy.

The Working Group recognized that the University of California has a unique and laudable record serving California students from all socioeconomic backgrounds. Not only does UC enroll a greater proportion of low-income students than any other top research university, it graduates them.

Nevertheless, the Working Group was charged with identifying ways to improve the EFM. The Working Group developed eight recommendations to do so, as presented below. As a general approach, the Working Group adopted the principle of looking for ways to partner with the State to focus attention on the total cost of attendance at its public universities and to help students in covering those costs. The Working Group did not rank these recommendations in priority order.

1. **Advocate for Additional Cal Grant Eligibility for Summer and Promote Summer Enrollment as a Way to Reduce Time-to-Degree:** Speeding time-to-graduation is one of the most effective ways to reduce the cost of an undergraduate degree, and students who attend summer school are more likely to graduate in four years. The University should advocate for expanded availability of Cal Grants in summer to support summer enrollment.
2. **Expand Multi-Year Financial Aid Plans:** Direct the Office of the President to work with campuses to expand an innovative UC Santa Barbara pilot program offering four-year financial aid promises to select new freshmen and two-year promises to select new transfers.
3. **Improve Measurement of the Total Cost of Attendance:** Improve assessment of the total cost of attendance, reducing exclusive reliance on survey data, especially when campuses may have data on actual direct student expenditures (e.g., campus course materials fees), engaging survey experts in reviewing the UC Cost of Attendance Survey (COAS), and reducing the time between administrations of the COAS.
4. **Bring Additional Affordability Information to Regental Conversations & Flag Decisions that Impact Affordability:** The Office of the President will present information on the total cost of attendance and student working and borrowing when presenting tuition increase proposals to the Regents. Furthermore, an in-depth discussion of affordability issues outside the context of a tuition increase is recommended. Finally, decisions before the Board which could have an impact on affordability for students, e.g., approving capital projects to build student housing, should be flagged as such by the campuses and the Office of the President.
5. **Further Study Strategies to Limit Increases in University Housing and Healthcare Costs:** Housing and health insurance are significant drivers of the total cost of attendance and the costs of both of these drivers are partially within the control of the University. The University should identify and disseminate best practices to help campuses limit these cost increases without compromising student success (e.g., eliminating academic space within housing known to contribute to student success). NOTE: This recommendation is not intended to suggest that these costs be subsidized.
6. **Create Modest, Progressive Self-Help Models:** Rather than expect the same from all students in terms of part-time work and student loans, UC should ask less of the most financially needy. This could happen systemwide or through greater use of campus flexibility.
7. **Leverage State Support for Middle Class Students to Enhance UC Affordability:** Acknowledging perceived flaws in the federal need analysis formula, the University should leverage the State of California's Middle Class Scholarship Program.

8. **Improve Financial Education:** The Office of the President will work with campuses—and perhaps intersegmentally with the California State University system and the California Community Colleges system—to expand financial management education for students.

The attached final report from the Working Group provides general background and outcome measures reviewed at the time, summarizes their deliberations, and expands upon the recommendations described above, including the benefits and challenges of each.

BACKGROUND

Total Cost of Attendance Workgroup

The Total Cost of Attendance Working Group met six times between April and October 2017. As part of its deliberations, the Working Group invited outside speakers to provide an outside perspective on the Education Financing Model and reviewed in detail the assumptions and principles underlying the EFM, including alternatives to each of the principles. Outcome data on graduation and persistence rates, debt upon graduation, average work hours, and the income distribution of UC students compared to California as a whole were discussed, as were numerous options and alternatives to the current approach.

During its work, the Working Group considered the following questions:

- Whether the resources available for financial aid should continue to be based on supply (currently, a dedicated proportion of tuition revenue) or on the demand of student needs.
- Whether there are measures other than direct financial aid to students that should be implemented to reduce the total cost of attendance to make UC affordable for California undergraduates.
- Whether the total cost of attendance (before financial aid) at individual campuses and systemwide can be better estimated.
- Whether the current level of student self-help (i.e., the resources students are expected to contribute through part-time work and borrowing) is appropriate.
- Whether UC's current financial aid programs' assumptions about the amount of reasonable contributions that parents make to the cost of their children's education at UC reflect current realities or should be adjusted.

In short, the Working Group undertook a comprehensive review of UC's implementation of the Regents policy on undergraduate financial aid via the Education Financing Model. The recommendations above represent a set of generally agreed-upon conclusions, but the Working Group also proposed that the full Board of Regents consider different options for how to proceed in some areas.

Education Financing Model (EFM)

The Education Financing Model (EFM) is the University of California's strategy for implementing the Regents Policy 3201: The University of California Financial Aid Policy, which reads:

The University's undergraduate student support policy is guided by the goal of maintaining the affordability of the University for all the students admitted within the framework of the Master Plan.

Consistent with this focus, the University's undergraduate financial assistance program is built around the goal of ensuring that UC is financially accessible to all California students who are academically eligible to enroll.

Education Financing Model Steering Committee. The implementation of the EFM is guided by the Education Financing Model Steering Committee, which is advisory to the Provost and Executive Vice President for Academic Affairs at UCOP. Membership includes one representative from each undergraduate campus in a relevant student area (Vice Chancellor for Student Affairs, Associate Vice Chancellor for Enrollment Management, or Financial Aid), three from Planning and Budget, one from the Academic Senate, and two student representatives.

The EFM is guided by three critical principles.

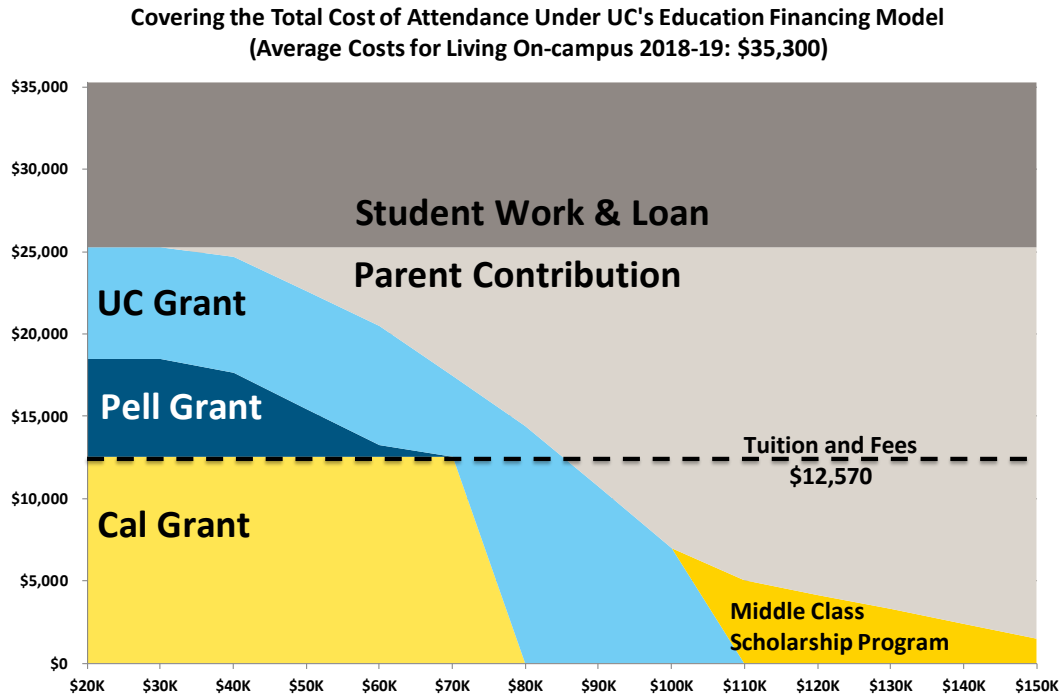
Principle 1: Total Cost of Attendance is the Context for Measuring Affordability. The EFM recognizes that affordability for students and families must acknowledge all educational costs, including books, supplies, food, housing, transportation, personal expenses, health insurance, tuition, and fees. UC develops cost of attendance budgets, based in part on results of our cost of attendance survey, for three living categories (living on-campus, living off-campus, living with parents) at each UC undergraduate campus for a total of 27 different student budgets.

Principle 2: Covering the Total Cost Requires a Partnership. The University of California treats covering the total cost of attendance as a partnership between students, their parents, and State, federal, and University financial aid programs.

Principle 3: Students Working and Borrowing Must Be Manageable to be Affordable. UC defines a range of manageable working and borrowing for both work and loan as outlined below and aims to be around the midpoint in that range.

Figure 1 below presents a stylized view of how the EFM works across students by income. As you can see, the student contribution, also known as "self-help," does not vary by income, while the parent contribution does. UC awards its own UC Grant to fill in the gaps between state and federal grant in order to be sure the total cost of attendance is covered.

Figure 1: Visualization of Current EFM



The Working Group recognized that the University of California has a unique and laudable record serving California students from all socioeconomic backgrounds. Nevertheless, the Working Group was charged with identifying ways to improve the EFM. The Working Group developed eight recommendations to do so, presented in the Executive Summary above and with greater detail in the attached report.

UPDATE ON RECOMMENDATIONS

Recommendation 1: Advocate for Additional Cal Grant Eligibility for Summer and Promote Summer Enrollment as a Way to Reduce Time-to-Degree

Current Status: In Progress. The UC Student Association (UCSA) sponsored two bills which would have created additional Cal Grant eligibility for up to two terms of summer attendance. Summer Cal Grants are now part of the broader Cal Grant reform efforts covered in Assembly Bill 1314 (McCarty, Medina).

As a down payment on Summer Cal Grants, the Legislature provided \$4 million to UC for summer financial aid and \$6 million to CSU.

Recommendation 2: Expand Multi-Year Financial Aid Plans

Current Status: Complete. The Education Financing Model (EFM) Steering Committee formally endorsed the expansion of Multi-Year Financial Aid Plans. UC

Merced and UC San Diego have begun their programs, and other campuses are exploring the possibility as well.

Recommendation 3: Improve Measurement of the Total Cost of Attendance

Current Status: Complete/Ongoing. The EFM Steering Committee expanded the use of administrative (rather than survey) data in the 2018-19 student expense budgets used to award financial aid and moved to conducting its Cost of Attendance Survey (COAS) every other year (rather than every three).

At the direction of the EFM Steering Committee, UCOP staff are engaging with outside experts to conduct qualitative interviews with UC students to understand their lived experience covering college costs.

The Committee will also review the 2019 COAS results in conjunction with the California Student Aid Commission's Student Expense and Resources Survey (SEARS).

Recommendation 4: Bring Additional Affordability Information to Regental Conversations and Flag Decisions that Impact Affordability

Current Status: Ongoing. UCOP staff built affordability information into relevant Regents items (e.g., tuition discussions) and plan to continue to do so.

Recommendation 5: Further Study Strategies to Limit Increases in University Housing and Healthcare Costs

Current Status: In Progress. The Office of the President has begun conversations with the appropriate parties to discuss best practices.

Recommendation 6: Create Modest, Progressive Self-Help Models

Current Status: Complete. The EFM Steering Committee has defined a set of principles to guide campuses exercising their flexibility in addressing the needs of exceptionally needy students using progressive self-help models. Several campuses now have targeted populations with lower self-help.

Recommendation 7: Leverage State Support for Middle Class Students to Enhance UC Affordability

Current Status: In Progress. The EFM Steering Committee delegated the responsibility to explore options for assisting middle class students to its Subcommittee. Meanwhile, the Cal Grant Reform discussions have touched on the possibility of combining the State's Middle Class Scholarship with Cal Grants.

Recommendation 8: Improve Financial Education

Current Status: Complete/In Progress. As discussed at the last Special Committee on Basic Needs meeting, campuses have been expanding their financial management education activities. The Office of the President also contributed a one-time allocation of additional funds for 2019–20 for campuses to explore additional approaches.

Attachment: [Total Cost of Attendance Working Group Final Report \(November 2017\)](#)