While many members of the Student Financial Support Unit contributed to this report, the lead staff members responsible for completing the report were Mark Langberg, who had primary responsibility for producing the data used in this report, and Chris Carter, who coordinated the production of the report. Questions may be directed to Chris Carter of the Office of Student Financial Support at 510 987-9583 or via e-mail at chris.carter@ucop.edu.
Preface

This report, submitted to The Regents of the University of California, provides comprehensive data on financial support received by University students enrolled during the 1997-98 academic year. The Student Financial Support unit in the Office of the President compiles this annual report, which provides analyses of the trends and future directions in financial aid for University of California students. Also discussed are various ways students at different income levels finance their education and how campuses assist students in these efforts.

This document is a valuable resource for the University community, containing data on the different types and sources of student aid received by both undergraduate and graduate students, as well as by their families. Included in the "Overview of Student Financial Support" in 1997-98 is summary information on scholarships, fellowships, grants, loans, work-study, teaching and research assistantships, and on-campus employment.
# Table of Contents

**EXECUTIVE SUMMARY** ........................................................................................................................................ V

- Financial Support for Undergraduate Students ................................................................................................. v
  - The Cost of Attendance ................................................................................................................................... v
  - Managing the Cost of Attendance ...................................................................................................................... v
  - Recent Trends in the Cost of Attendance and Student Financial Support .................................................... vi

- Financial Support for Graduate Students ........................................................................................................ vii
  - Graduate Academic Students ............................................................................................................................ vii
  - Graduate Professional Students ....................................................................................................................... vii

- Prospects for the Future ....................................................................................................................................... viii
  - Federal Initiatives to Assist Families ................................................................................................................ vii
  - State Initiatives to Assist Families ................................................................................................................ viii

**SECTION 1 FINANCIAL SUPPORT FOR UNDERGRADUATE STUDENTS** ................................................. 1

- The Cost of Attendance ..................................................................................................................................... 1

- Managing the Cost of Attendance: the Education Financing Model................................................................. 3
  - What do these principles mean for the parents of UC undergraduates? ....................................................... 3
  - What do these principles mean for UC students? ............................................................................................ 4
  - What do these principles mean for the University? ......................................................................................... 5

- How UC's Undergraduates Manage the Cost of Attendance ............................................................................ 5

- Need-Based Aid Recipients ............................................................................................................................... 8
  - Parental Contribution ....................................................................................................................................... 9
  - Student Contribution from Loans and Work ..................................................................................................... 11
  - Gift Aid ......................................................................................................................................................... 13

- Nonneed-Based Aid Recipients ........................................................................................................................ 15

- Nonrecipients .................................................................................................................................................... 16

- Recent Trends in Student Financial Support ..................................................................................................... 16
  - Cost of Attendance ......................................................................................................................................... 16
  - Borrowing ....................................................................................................................................................... 18
  - Grants and Scholarships ................................................................................................................................. 20

- Recent Trends in Family Income of Enrolled Students .................................................................................... 21
SECTION 2 FINANCIAL SUPPORT FOR GRADUATE STUDENTS ........................................... 25

   How Graduate Students Use Financial Assistance to Help Cover Educational Expenses ............................................................ 25
   Graduate Academic Students .................................................................................................................. 26
   Graduate Professional Students ............................................................................................................. 27

SECTION 3 OTHER PROGRAMS AND INITIATIVES TO ASSIST STUDENTS AND THEIR FAMILIES FINANCE A UC EDUCATION ......................................................... 29

   University Programs and Initiatives ................................................................................................. 29
      The University's Budget .................................................................................................................. 29
   State Programs and Initiatives ........................................................................................................... 29
      Cal Grants ........................................................................................................................................ 29
      Scholarshare Trust College Savings Program .............................................................................. 29
   Federal programs and initiatives ....................................................................................................... 30
      Federal Education Tax Credits ...................................................................................................... 30
         Hope Scholarship Tax Credit ...................................................................................................... 30
         Lifetime Learning Tax Credit ...................................................................................................... 30
         UC and the Federal Education Tax Credits ................................................................................ 31
      Student Loan Interest Deduction ................................................................................................. 31
      IRA Withdrawals for Higher Education Expenses and the Education IRA ............................. 31
      U.S. Savings Bonds ....................................................................................................................... 32

SECTION 4 OVERVIEW OF STUDENT FINANCIAL SUPPORT IN 1997-98 ......................... 33

GLOSSARY ................................................................................................................................................. 51

INFORMATION ON ATTACHMENTS ........................................................................................................... 54

ATTACHMENTS
List of Figures

Figure 1 Difference in Average Tuition and Fees between UC and Independent Institutions, 1984-85 to 1997-98 ................................................................. 2
Figure 2 Undergraduate Enrollment by Financial Aid Status, 1990-91 to 1997-98: Percentage Distribution ................................................................. 6
Figure 3 Undergraduate Need-based Support Recipients by Parent Income, 1996-97 and 1997-98 ............................................................. 8
Figure 4 How Undergraduate Need-Based Aid Recipients Finance Their Educational Expenses: by Parent Income, 1997-98 ...................... 9
Figure 5 How Undergraduate Dependent Need-Based Aid Recipients Finance Their Expected Parent Contributions: by Parent Income 1997-98 ...... 10
Figure 6 How Undergraduate Need-Based Aid Recipients Use Loans to Finance their Contributions: by Parent Income, 1997-98 ................. 11
Figure 7 How Undergraduate Need-Based Aid Recipients Use Work to Finance Their Contributions: By Parent Income, 1997-98 .......... 12
Figure 8 Composition of Average Gift Aid Awards of Undergraduate Need-Based Aid Recipients: by Parent Income, 1997-98 ..................... 14
Figure 9 Number of Nonneed-Based Aid Recipients Receiving Grant Assistance, Loan Assistance, And Both, 1997-98 ......................... 15
Figure 10 Trends in the Undergraduate Cost of Attendance, Constant 1997-98 Dollars .............................................................. 17
Figure 11 Need-Based Aid Per Recipient By Type: Trends in Support, Constant 1996-97 Dollars ................................................................. 18
Figure 12 Undergraduate Borrowing Over Time: Dollar Volume by Loan Type, 1989-90 to 1997-98 (Dollars in Thousands) ......................... 19
Figure 13 Percentage Change in Number of Borrowers and Average Loan Amount: By Recipient Type, 1996-97 to 1997-98 ......................... 20
Figure 14 Total Undergraduate Grants and Scholarships by Fund Source: Selected Years, 1989-90 to 1997-98 (In Millions of Dollars) ............... 21
Figure 15 First-Time Freshman Enrollment Systemwide: Selected Years, Fall 1991 to Fall 1998 ................................................................. 22
Figure 16 First-Time Freshman Enrollment Systemwide by Parent Income and Cohort Year, Percent Distribution, Constant 1997 Dollars .......... 23
Figure 17 Per Capita Awards for Graduate Students By Award Type and Type of Graduate Program, 1997-98 ........................................ 25
Figure 18 Average Annual Loan Amounts: Professional Degree Students, 1993-94 to 1997-98 ................................................................. 28
Figure 19 Enrollment, Recipients, and Support by Enrollment Level, 1997-98 .... 33
Figure 20 Total Support by Type, 1997-98 $1,303,935,983 ....................... 34
Figure 21 Total Support by Source, 1997-98 $1,303,935,983 ....................... 35
Figure 22 On-Campus and Work-Study Employment, 1997-98 ........................................ 35
Figure 23 Types of Undergraduate Support, 1997-98 $704,805,127 .................................. 36
Figure 24 Sources of Undergraduate Support, 1997-98 $704,805,127 ........................... 37
Figure 25 University-Funded Support for Undergraduates, 1997-98 $136,539,725 ................. 37
Figure 26 Federally Authorized Support for Undergraduate Students, 1997-98 $444,192,448 ....... 38
Figure 27 Support for Undergraduate Need-Based Aid Recipients by Aid Type and Family Income: Percent with Award, 1997-98 ........................................ 39
Figure 28 Average Awards of Undergraduate Need-Based Aid Recipients by Family Income, 1997-98 .......................................................... 40
Figure 29 Borrowing by Income of Undergraduate Need-Based Aid Recipients: Number of Borrowers, 1996-97 and 1997-98 ........................................... 41
Figure 30 Undergraduate Borrowing Among Need-Based Aid Recipients by Income: Average Loan, 1996-97 and 1997-98 ............................................. 42
Figure 31 Undergraduate Borrowing Among Need-Based Aid Recipients by Income: Per Capita Borrowing, 1996-97 and 1997-98 ................................. 43
Figure 32 Graduate Merit and Need-Based Support, 1997-98 $599,130,856 ...................... 44
Figure 33 Types of Graduate Financial Support, 1997-98 ............................................. 44
Figure 34 Sources of Graduate Financial Support, 1997-98 .......................................... 45
Figure 35 University-Funded Support for Graduates, 1997-98 .................................... 45
Figure 36 Federally Authorized Support for Graduate Students, 1997-98 ......................... 46
Figure 37 Percentage of Graduate Students Receiving Financial Support, 1997-98 .......... 47
Figure 38 Average Awards of Graduate Students Receiving Financial Support, 1997-98 .. 48
Figure 39 Percentage of Graduate Academic Students Receiving Merit Support, 1997-98 .... 49
Figure 40 Average Merit Awards of Graduate Academic Students, 1997-98 ................. 50

List of Tables

Table 1 Undergraduate Enrollment by Financial Aid Status, 1990-91 to 1997-98: Number of Students ................................................................. 7
Table 2 Undergraduate Need-Based Support Recipients by Parent Income, 1997-98 ............ 38
EXECUTIVE SUMMARY

In 1997-98, approximately 117,400 students (71 percent of the total enrollment) at the University of California received $1.3 billion in financial support. This amount includes aid from all sources -- federal, state, University and private -- and of all types -- scholarships, fellowships, grants, loans, work-study, and assistantships.

Almost two-thirds (65 percent) of UC's undergraduates received some form of student financial support in 1997-98. Over three-fourths (77 percent) of undergraduate support at the University is awarded on the basis of need, a reflection of the conviction that the principal goal of undergraduate financial support is to provide access to a University education to those students who otherwise would be unable to afford to attend.

Undergraduate students are incurring greater amounts of debt, with the greatest rate of growth in total loan volume occurring among students with family incomes of $60,000 or more.

While graduate students continued to receive a greater percentage of financial support dollars than their percent of total enrollment in 1997-98, this percentage has continued to decline. Total graduate student support at the University, however, increased by 5 percent between 1996-97 and 1997-98 to $599 million.

Financial Support for Undergraduate Students

Approximately $705 million in financial support was received in 1997-98 by over 83,000 undergraduate students (65 percent of all undergraduates) enrolled at the University of California in the Fall of 1997.

The Cost of Attendance

The average cost of attending the University for an undergraduate California resident who lived on campus in 1997-98 was $13,495. This amount continues to be significantly less than the cost of attending an independent institution. This is attributable, in part, to the state's investment of about $8,000 per student, which contributes to tuition and fees being almost $16,000 less, on average, at UC than at comparable independent institutions.

In 1997, the Office of Student Financial Support conducted the first systemwide Cost of Attendance Survey of student expenses, providing the most comprehensive data available on the non-fee expenditures of undergraduates attending the University. Data from the survey reveal that students with lower family incomes are more likely to choose less expensive living arrangements and less likely to own a computer or be covered by health insurance.

Managing the Cost of Attendance

Over the past few years, the University has developed an integrated conceptual framework in order to: 1) guide its work in helping students and parents manage the cost of an undergraduate education, 2) define its role in funding the University's undergraduate student financial support
programs, and 3) allocate those funds to the campuses. This framework is known as the Education Financing Model and is based on the following principles:

- total cost of attendance (fees, living and personal expenses, books and supplies, and transportation) represents the context for the Model;
- a partnership among students, parents, federal and state governments, and the University is required for the successful implementation of the Model;
- equity of expectations is needed across the entire undergraduate student body so that all students will be called upon to make some contribution toward their cost of attendance (i.e., regardless of income, students have relatively similar loan and work expectations); and
- flexibility is needed both for students in deciding how to meet their expected contribution and for campuses in implementing the Model to serve their particular student bodies.

In recent years, the percentage of undergraduate students receiving need-based aid has begun to stabilize—53 percent in 1997-98—while the percentage receiving nonneed-based aid has increased to 12 percent in 1997-98, up from 8 percent only three years earlier. This growth in nonneed-based aid recipients reflects a continuing increased demand for financial assistance in an environment where need, as defined by federal standards, has leveled off due to stable fees at UC and a recovering economy.

The principal ways need-based aid recipients cover their education expenses are from parental contribution, gift aid (scholarships and grants), and student contributions in the form of loans and on- and off-campus employment. A parent's expected contribution is strongly related to income. It averages almost $300 for parents with incomes of less than $30,000 and about $7,400 for parents of need-based aid recipients with incomes of $60,000 or more. Middle-income parents rely on borrowing from educational loan programs to meet a portion of their expected contribution.

Campuses award gift aid (grants and scholarships) to students in order to compensate for income differences between families. Thus in 1997-98, low-income students received an average of over $6,500 in gift support whereas need-based aid recipients with parental incomes of $60,000 or more received an average of about $1,000 in gift support.

Recent Trends in the Cost of Attendance and Student Financial Support

Mandatory, systemwide education and registration fees have not increased since 1994, and the 1998-99 and 1999-2000 academic years will each see a decrease of 5 percent in systemwide fees for resident undergraduates. In addition, resident graduate students, except those enrolled in programs subject to the Fee for Selected Professional School Students, will see their systemwide fees decreased by 5 percent in 1999-2000. At the same time that fees have been falling, the University has not reduced the total amount of financial aid it provides to students.

Since 1989-90, the total number of undergraduate borrowers has increased almost one and one-half times, the number of parent borrowers had grown dramatically, and the loan volume has increased almost fivefold.
Between 1991 and 1998, shifts in the family income distribution of UC's entering freshmen have mirrored shifts in California's overall population, resulting in increases in the family income of students in the University's entering class since 1994.

Financial Support for Graduate Students

Over 33,000 (91 percent of total) graduate academic and professional students received $599 million in financial support during the 1997-98 academic year. Forty percent of this support was in the form of teaching and research assistantships.

Graduate Academic Students

Graduate academic students in general receive the majority of their support from institutional sources: 64 percent of support for graduate academic students at UC is from University programs. Fellowship, assistantship, and student loan support funded or authorized by the federal government also is a crucial piece of the total support structure for many graduate students. Graduate academic students' increased costs over the years have been covered in large part by additional fellowship, grant, and assistantship support. As a result, in 1997-98, 86 percent of graduate academic students received merit-based support, largely in the form of merit-based assistantship support. At the same time, 28 percent received need-based support, largely in the form of student loans.

Graduate Professional Students

Graduate professional students generally rely on their personal resources, or on borrowing, to finance their expenses. Easier access to loans, the program-specific fees that students studying some disciplines must pay, and the paucity of grant, fellowship, and assistantship support for professional degree students have combined to produce an ever-increasing reliance on borrowing as a means of financing the cost of attendance for graduate professional degree students.

Prospects for the Future

Federal Initiatives to Assist Families

The federal and state governments have enacted a number of initiatives to encourage middle-income families to save for college as their children are growing and counter the need for these families to borrow when their children are in school. The federal Taxpayer Relief Act of 1997 provides students and their families with valuable tax credits that were phased in beginning in 1998 as well as tax incentives for families to save for college. In early 1999, the University issued about 307,000 IRS 1098-T forms to help UC students to take advantage of the tax credits. The University estimates that once the tax credits are fully implemented, approximately 36 percent of regular UC students and their families will be able to claim approximately $50 million annually in federal education tax credits.
State Initiatives to Assist Families

The State of California currently is preparing to implement the Scholarshare Trust College Savings Program. This program takes advantage of federally and state-authorized tax incentives intended to encourage families to undertake a system of long-range planning and savings for contributing to their children's college expenses.
SECTION 1
FINANCIAL SUPPORT FOR UNDERGRADUATE STUDENTS

The Cost of Attendance

At the University of California, there are two principal components to the cost of an undergradu-ate education: the state investment and the cost of attendance. The state investment, which comes in the form of annual state appropriations to the University, is the foundation of the University's instructional budget. This investment makes it possible for University students to obtain a world-renowned education at fee levels that are thousands of dollars less than tuition levels at comparable nonstate-supported universities. The benefits of this state investment (approximately $8,000 per student) accrue to all UC students who are California residents.

“The state investment...makes it possible for University students to obtain a world-renowned education at fee levels that are thousands of dollars less than tuition levels at comparable nonstate-supported universities.”

The portion of the cost of education that is most visible to students and their families is the cost of attendance. This cost (also called the “student budget”) consists of the student's direct educational costs — fees, tuition (for nonresidents), and books and supplies — as well as those categories of expenses that are necessary for maintaining the student during the academic year: living expenses (room and board); transportation; and miscellaneous personal expenses. The sum of these categories represents the typical expenses that students must plan to incur in order to attend a UC campus. While student budgets are determined on the campus level, the average UC student budget for the 1997-98 academic year for an undergraduate California resident living on-campus was $13,495. However, student budgets vary by such factors as residency status, level (i.e., graduate or undergraduate), and living arrangements (commuter, on-campus, or off-campus).

A number of data sources historically have been used by campus financial aid officials in estab-
lishing student budgets. These include campus surveys of student expenses, the actual costs of residence hall contracts, and triennial university-wide surveys of students' resources and expenses. In an effort to validate and refine the undergraduate student budgets used by UC campuses, the Office of Student Financial Support surveyed over 16,500 UC undergraduates in 1997 in the process of conducting the first systemwide Cost of Attendance Survey (COAS). The survey, which gathered detailed information on the expenses incurred by undergraduate students enrolled in the spring of 1997, provided the most comprehensive data available on the non-fee expenditures of undergraduates while attending the University. COAS data were not available when 1997-98 student budgets were determined, but will be used subsequently. The survey results will not be used to standardize budgets for all UC campuses, but rather will be used to provide a more consistent basis for each campus to use in determining its student budgets.

In addition to providing data to be used for developing student budgets, the survey results showed that some discretionary expenses may be affected by family income. While expenditures on most standard items (e.g. mandatory fees and books) do not differ by family income, students may
choose to spend less on some items, or forego purchasing an item, due to lack of financial resources. This can be seen in three specific expense areas: living arrangements, computer ownership, and health insurance. Students with lower family incomes are more likely to have lower-cost living arrangements (e.g. living with parents and commuting to campus), less likely to own computers, and more likely to lack health insurance coverage.

The cost of attendance at the University continues to be significantly lower than comparable costs at independent institutions: a UC undergraduate in 1997-98 faced charges for tuition and fees that were an average of almost $16,500 less than an undergraduate enrolled at a comparable independent institution. Figure 1 illustrates the price differential (in constant dollars) between UC and a number of independent institutions. This difference grew during the 1980s, narrowed slightly at the beginning of this decade (when UC experienced large fee increases), and has widened steadily again during the past four years (when UC systemwide fees have been stable).

Figure 1

Difference in Average Tuition and Fees between UC and Independent Institutions, 1984-85 to 1997-98

However, making a UC education affordable does not stop with fees that are substantially lower than those charged by independent institutions. In addition to facing a lower cost of attendance than their counterparts at comparable independent institutions, many UC students receive some form of financial assistance. In 1997-98, 65 percent of University undergraduate students received some form of financial assistance. In addition, over half received gift assistance, which is particularly valuable to students since it effectively lowers the price of education and yields a “net price” that can be substantially less than the regular cost of attendance. For many recipients from families that cannot afford to cover the full cost of attendance at the University, this financial assistance is what makes attending the University of California possible.

“…gift assistance…effectively lowers the posted price of education and yields a 'net price' that can be substantially less than the regular cost of education.”
Managing the Cost of Attendance: the Education Financing Model

Over the past few years, the University has developed an integrated conceptual framework that is used to:

1. guide its work in helping students and parents manage the cost of an undergraduate education,
2. define its role in funding the University's undergraduate student financial support programs, and
3. allocate those funds to the campuses.

This framework, known as the Education Financing Model (hereinafter “the Model”), is based on the following single set of principles:

- Total cost of attendance (fees, living and personal expenses, books and supplies, and transportation) represents the context for the Model;
- A partnership among students, parents, federal and state governments, and the University is required for the successful implementation of the Model;

“A partnership among students, parents, federal and state governments, and the University is required for the successful implementation of the Model.”

- Equity of expectations is needed across the entire undergraduate student body, so that all students will be called upon to make a similar contribution toward their cost of attendance; and
- Flexibility is needed for students in deciding how to meet their expected contribution and for campuses in implementing the Model to serve their particular student bodies.

What do these principles mean for the parents of UC undergraduates?

- As they prepare for their role in financing the cost of a UC education, parents need to consider the entire cost of attendance, rather than merely the fees charged by the University. Under the Model, campuses employ a standard cost of attendance figure that, in addition to fees, reflects an average of what current students report as the expenses directly associated with attendance at the University, such as room and board, books and supplies, transportation, and other personal expenses.

- Parents will be expected to contribute toward this cost of attendance to the extent they are able, as defined by Federal standards, which take into account parental income and assets (excluding home equity), as well as family size and the number of family members in college.

“Parents will be expected to contribute toward this cost of attendance to the extent they are able.”

- The federally defined parent contribution rises rapidly as income increases, and most middle-income parents find that current income is not sufficient to meet their assigned contri-
bution. Therefore, parents need to be prepared to meet at least a part of their expected contribution by planning and saving beforehand and/or by borrowing once their son or daughter is enrolled. Students whose parents do not fulfill their part of the education financing partnership will face an additional work or debt burden in order to cover their total cost of attendance.

**What do these principles mean for UC students?**

- All undergraduates can expect to be called upon to cover part of their cost of attendance through a combination of wages earned and funds borrowed. This “loan/work expectation” is not identical for all students: it will vary according to campus resources and financial aid policies. However, the Model establishes a range that will serve as a guide for campuses. The goal of this range is to keep the loan/work expectation at a level that will enable students to make steady progress toward completion of the baccalaureate degree (i.e., to work no more than 20 hours per week during the academic year) and to meet their repayment obligations after graduation.

  “The goal...is to keep the loan/work expectation at a level that will enable students to make steady progress toward completion of the baccalaureate degree...and to meet their repayment obligations after graduation.”

- Students will be able to affect the amount of their loan/work expectation in a variety of ways. By reducing expenses, students can lower their total cost of attendance and thereby the amount they will need to earn and borrow. Conversely, students who spend more than the average or who incur expenses that are not directly related to attendance will have to work or borrow more. Students can also reduce their loan/work expectation by taking advantage of the availability of merit-based scholarships (for example, those based on academic performance, community service, special talent, or other personal characteristics). In addition, students can also plan ahead by saving for their college expenses before they enroll.

- Students also can decide the balance they want to strike between work and borrowing. This balance will depend on their individual preferences, the other resources available to them, their ability to find academic year employment, and the ability to save most of their summer earnings by working while living with their parents. However, in order to prevent either one of the two parts of the loan/work exception from becoming unmanageable, all students should plan to borrow and to be employed while they are pursuing their undergraduate degree.

- Students who are eligible will be expected to apply for all federal and state financial aid grant programs available to them.

- Students will be expected to meet application deadlines in applying for financial aid. Late applicants are generally assigned a loan/work expectation that is substantially larger than the contribution expected of on-time applicants.
Undergraduates who are not financially dependent on their parents (according to federal definitions) may be assigned a loan/work expectation that falls outside the range used to guide the contribution expected of dependent students.

**What do these principles mean for the University?**

- At the systemwide level, the University's activities in determining levels of funding, allocating those funds, and awarding those funds to students are carried out in accordance with the principles and framework of the Model. The Model does not set out policies and procedures for student financial support funds generated and held at the campus level, thus encouraging campuses to develop additional resources to support their particular priorities and policy goals in the area of student financial aid.

- Although future funding levels cannot be guaranteed, the University's goal is to provide sufficient systemwide funding to keep students' loan/work expectations with the range established by the Model.

> “...the University's goal is to provide sufficient system-wide funding to keep students' loan/work expectations within the range established by the Model.”

- Since the allocation of systemwide funds under the Model will differ from current allocation methods, the University will mitigate the impact on students of fund shifts across campuses by phasing in the new allocation formula over time.

- The University will develop and update the loan/work expectation range annually. In doing so, the University recognizes that the amount students can contribute from work will depend primarily on the number of hours worked, the wages students can command, and students' ability to find summer jobs that allow them to live with their parents and save the majority of the earnings for use during the academic year. The earnings component of the loan/work ranges is based on the expectation that students will work both during the summer and between 6 and 20 hours per week during the academic year. The borrowing component of the loan/work range reflects the portion of post-graduation earnings that students can be reasonably expected, according to credit industry standards, to dedicate to loan repayment.

**How UC's Undergraduates Manage the Cost of Attendance**

In matters of financing and student support, the University's undergraduate student population can be divided into three main groups: 1) need-based aid recipients, who receive some form of financial support to help cover the cost of attendance that is awarded on the basis of family and student resources; 2) nonneed-based aid recipients, who receive no need-based aid but do receive some form of support that is awarded without consideration of student and family resources; and 3) nonrecipients, who do not receive any financial support that flows through the university other than on-campus employment. The family income profiles of these three groups differ significantly. For example, according to the last Student Expenses And Resources Survey (SEARS), conducted in Spring 1997, almost three-fourths (71.4%) of students who receive aid have annual
family incomes of $60,000 or less, while less than one-fourth (21.6%) of non-recipients have annual incomes in this range.

Figure 2

Undergraduate Enrollment by Financial Aid Status, 1990-91 to 1997-98:
Percentage Distribution

Figure 2 and Table 1 together illustrate trends in the division of the University's undergraduate student body among need-based aid recipients, nonneed-based aid recipients, and nonrecipients. The percentage of undergraduates receiving some form of financial support has grown substantially in this decade. In 1990-91, 41 percent of undergraduates received some form of financial support, while in 1997-98, 65 percent of undergraduates received support.
<table>
<thead>
<tr>
<th>Year</th>
<th>Need-based Aid Recipients</th>
<th>Nonneed-based Aid Recipients</th>
<th>Non-Aid Recipients</th>
<th>Total</th>
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</thead>
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<td>69,185</td>
<td>124,762</td>
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<td>1993-94</td>
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<td>1994-95</td>
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<td>1996-97</td>
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<td>1997-98</td>
<td>68,423</td>
<td>14,819</td>
<td>45,567</td>
<td>128,809</td>
</tr>
</tbody>
</table>

The number of need-based aid recipients grew most sharply during the early part of the decade. A number of factors have contributed to this trend, including substantial increases in systemwide fee levels during the early 1990s, decreases in the family income of students attending UC during the first half of this decade, substantive revisions to the federal formula used to determine eligibility for need-based financial aid, and the increased ease of borrowing, which has caused more students to enter the ranks of aid recipients.

**The percentage of undergraduates receiving some form of financial support has grown substantially in this decade. In 1990-91, 41 percent of undergraduates received some form of financial support, while in 1997-98, 65 percent of undergraduates received support.**

However, the number of need-based aid recipients has stabilized and changed only marginally since 1995-96. Increases in family income levels driven by the strengthening California economy and stable or declining student fee levels have contributed to this trend.

The number of nonneed-based aid recipients has followed a very different trend. While there was little change in the early part of this decade, the number of recipients grew by 47 percent between 1994-95 and 1997-98. The growth in nonneed-based aid recipients reflects a continuing increased demand for financial assistance in an environment where need, as defined by federal standards, has leveled off due to stable fees and a recovering economy.
**Need-Based Aid Recipients**

A breakout of need-based aid recipients by parent income range shows that the two largest groups are 1) dependent students with annual family incomes of less than $30,000 and 2) independent students. Figure 3 illustrates how the number of need-based aid recipients decreases as family income increases. There are nearly four times as many need-based aid recipients with family incomes below $30,000 as there are need-based aid recipients with family incomes of $60,000 or more. The figure also shows that between 1996-97 and 1997-98, the number of need-based aid recipients decreased in the categories of students with family incomes of less than $30,000 and independent students. This pattern of change is likely due to a range of factors, including increased borrowing among students and families in the higher income categories and the recent changes in California’s economy, which have resulted in overall increases in income among the state’s population.

**Figure 3**
**Undergraduate Need-based Support Recipients by Parent Income, 1996-97 and 1997-98**

<table>
<thead>
<tr>
<th>Parent Income</th>
<th>1996-97</th>
<th>1997-98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000</td>
<td>28,901</td>
<td>27,244</td>
</tr>
<tr>
<td>$30,000 - $44,999</td>
<td>10,724</td>
<td>10,933</td>
</tr>
<tr>
<td>$45,000 - $59,999</td>
<td>7,523</td>
<td>7,781</td>
</tr>
<tr>
<td>$60,000 or More</td>
<td>7,346</td>
<td>7,787</td>
</tr>
<tr>
<td>Independent</td>
<td>14,030</td>
<td>12,763</td>
</tr>
</tbody>
</table>

The principal ways students cover their educational expenses are from 1) parental contributions, 2) student contributions in the form of loans and on- and off-campus employment, and 3) gift aid in the form of scholarships and grants. Figure 4 reflects the average amount of the standard expense budget that need-based aid recipients at different income levels covered in each of these ways. The net cost of education to a student and his or her family equals the cost of attendance minus any gift aid received. Thus, the net cost is reflected on Figure 4 by the bottom two shades of each bar. This means that the net cost of a UC education is lowest for those students from the lowest-income families.
…the net cost of a UC education is lowest for those students from the lowest-income families.

Figure 4
How Undergraduate Need-Based Aid Recipients Finance Their Educational Expenses: by Parent Income, 1997-98

As the figure shows, each financing component shows a different trend as one moves from the recipients with the lowest family incomes to those with the highest family incomes. The student contributions, in the form of loans and work, are relatively similar across the family income categories, while parental contributions increase as family income increases. Since campuses award gift aid to compensate for differences in family resources, gift aid follows a trend opposite that of parental contribution: the lower the family income, the higher the level of gift aid (and the lower the net price).

Since campuses award gift aid to compensate for differences in family resources, gift aid follows a trend opposite that of parental contribution: the lower the family income, the higher the level of gift aid (and the lower the net price).

Parental Contribution

A parent's expected contribution can be financed from two major sources: 1) current income and savings; and 2) loans. Figure 5 illustrates how as family income increases, parent contributions climb dramatically and the sources used to cover those contributions change. Parents increasingly
rely on borrowing to meet their expected contributions as their incomes rise. In particular, middle-income families (annual income of $60,000 or more) with financial need cannot pay all their expected contribution, which averaged over $7,400 in 1997-98, from current income and savings. The percentage covered with loans climbed as family income rose until those with incomes of over $60,000 used educational loan programs to cover an average of 28 percent ($2,081) of their contribution expense. In addition, anecdotal evidence indicates that a portion of the parental contribution from current income and savings is covered through student earnings, although precisely what portion is not known.

Figure 5
How Undergraduate Dependent Need-Based Aid Recipients Finance Their Expected Parent Contributions: by Parent Income 1997-98

Parents are, in reality, borrowing even more than what is reflected in Figure 5 since home equity loans, credit card debt, and other private loans are not included in the financial aid data available to the University. Both federal and state efforts have been implemented in the past and in recent years to counter this growing college debt burden occurring among middle-income families. Such efforts have been aimed at encouraging parents to begin saving early for their children's college expenses. A more extensive discussion of federal and state incentives for increasing private savings for college can be found in Section 3, “Other Programs and Initiatives to Assist Students and Their Families Finance a UC Education.”

While parents at all income levels covered most of their contributions through current income and savings, the percentage covered with loans climbed as family income rose...
**Student Contribution from Loans and Work**

Need-based aid recipients contribute to their educational expenses through both loans and earnings from work. Overall, undergraduate need-based aid recipients borrowed an average of $3,611 to cover their share of the cost of attendance. As Figure 6 shows, students’ contributions from loans are about the same at all family income levels, except for independent students, who borrow the most and take out more unsubsidized loans than dependent students. In addition, while most borrowing is from student loan programs in which the student assumes a debt, students sometimes meet a portion of their loan and work contributions with supplemental educational loans taken out by their parents.

**Figure 6**

*How Undergraduate Need-Based Aid Recipients Use Loans to Finance their Contributions: by Parent Income, 1997-98*

Aid recipients also contribute to their educational expenses from work, savings, and other resources (e.g., gifts from grandparents or other relatives). In 1997-98, the portion of their standard educational expenses covered from these sources amounted to $2,912 — about $700 less than was contributed, on average, from borrowing.

Figure 7 shows that, overall, need-based aid recipients in 1997-98 financed 34% ($1,000) of their non-loan contribution from a combination of campus-employment and work-study earnings. The remaining student contribution totaled $1,912. This contribution is presumed to have come from some combination of savings, off-campus employment, and other resources. SEARS results indicate that 36% of need-based aid recipients hold off-campus jobs during the academic year while 71% work over the Summer.
Contributions from work are highest for independent students, who have to work and borrow more than other students because their grant support does not fully offset the absence of a parental contribution. While dependent students’ contributions from borrowing were similar across all income levels, contributions from work, savings, and other sources declined as family income rose. This pattern means that total student contributions from loan, work, and other sources were an average of 18 percent ($968) higher for students with family incomes of under $30,000 than they were for students with family incomes of $60,000 or more. This disparity is driven, in part, by the Cal Grant A program, which provides awards to students from middle-income as well as low-income families, thereby reducing the need for recipients to borrow and work.

However, the disparities in contributions from work may not be as great as they appear. Anecdotal evidence indicates that students from families with incomes of $60,000 or more are more likely to need to help their parents cover their relatively large expected parent contributions and that they do so by additional work. The magnitude of those contributions is not known. To the extent that these students do make smaller contributions from loan or work, the consistent rates of borrowing across family income levels and decline in work contributions as family income rises indicate that these recipients with lower student contributions generally chose to work less rather than reduce their borrowing.

While dependent students’ contributions from borrowing were similar across all income levels, contributions from work, savings, and other sources declined as family income rose.
The most recent SEARS results show that 36 percent of need-based aid recipients work off-campus during the academic year — just about the same percentage who work on-campus. However, those students working off-campus earn substantially more, on average, than their counterparts working on-campus. Reported academic year income averaged about $4,700 for these students.

A similar percentage of nonneed-based aid recipients report working during the academic year. However, they are more likely to hold on-campus jobs, which pay less than off-campus jobs. Therefore, they tend to earn less over-all than need-based aid recipients — an average of $3,850 for the academic year.

Finally, nonaid recipients are less likely to work than students receiving aid, although over half do work. The nonaid recipients, on average, earn more than other students in part because they work longer hours and are most likely to hold a higher-wage off-campus job. They reported academic year earnings of about $7,325.

**Gift Aid**

Figure 8 illustrates how various sources of gift aid are distributed by income level for undergraduate need-based aid recipients. As can be seen, the largest gift aid programs for this population are the Cal Grant, UC Grant, and Pell Grant programs. Together, they account for 89 percent of the gift aid these students receive.
Since awarding policies target grant assistance at undergraduates with the fewest family resources, low-income students receive, on average, substantially more grant support than other students. The Pell Grant and Cal Grant B programs specifically target low-income students. Campuses also tend to concentrate University grant funds on low-income students in order to keep their loan and work expectations manageable. For all three of these programs, the average size of the award declines as income increases.

Since awarding policies target grant assistance at students with the fewest family resources, low-income students receive, on average, substantially more grant support than other students.

The state Cal Grant A program, unlike the other grant programs, serves high-achieving middle- and low-income students with financial need. Thus, need-based aid recipients with family incomes of up to about $60,000 can receive a Cal Grant A if their grades are high enough. While the average amount of support received from other need-based grant programs declines as income rises, Figure 8 shows that the average Cal Grant A award does not follow this pattern.
Average scholarship support, which is awarded on the basis of academic achievement or other talents, is essentially the same for students in all income categories. Unless the student has exceptional circumstances (e.g., comes from a large family with multiple siblings in college), students from families with an annual income of $60,000 or more receive gift aid mostly in the form of scholarships rather than grants.

It also is important to note the great differences in the size of the recipient populations in each income category. There are only 7,787 students from families with income of $60,000 or more who receive gift aid, primarily in the form of scholarships and loans, while 27,244 UC students from families with incomes of less than $30,000 receive financial support, primarily in the form of grants.

**Nonneed-Based Aid Recipients**

While 53 percent of undergraduates in 1997-98 received need-based financial aid, 12 percent received nonneed-based aid (and no need-based assistance). Less is known about students who receive support that is not awarded based on family resources. However, as Figure 9 shows, there are data on the numbers of these students who receive gift aid, loans, and both types of aid. Nonneed-based aid recipients tend to receive either gift aid or loans, but not both; only 7 percent of recipients had both gift aid and a student loan.

<table>
<thead>
<tr>
<th>Gift Aid</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,147</td>
<td>965</td>
</tr>
<tr>
<td>6,707</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 9**

**Number of Nonneed-Based Aid Recipients Receiving Grant Assistance, Loan Assistance, And Both, 1997-98**

Unduplicated Total: 14,819
About 55 percent of nonneed-based aid recipients receive a scholarship or grant, and the average award for those receiving such an award was $2,822. Approximately 52 percent of recipients borrow through the federal education loan programs, and those who do borrowed an average of $7,480, over twice what the average need-based aid recipient borrowed. About 40 percent work on campus in addition to receiving a grant or loan, earning an average of $2,484 from this type of employment as compared to $2,055 for need-based aid recipients with either on-campus or work-study employment. Overall, the average total amount of support that nonneed-based aid recipients obtain from gift awards, loans, and on-campus employment is $8,528, leaving an average of $4,668 of their total educational expenses to be covered from parental assistance, off-campus employment, or other sources.

**Nonrecipients**

Over 45,500 of UC's undergraduates receive no loan or grant assistance through the University. These students typically come from middle- and higher-income families, with 78 percent of them reporting in the latest SEARS parental incomes of $60,000 or more. Since they finance their cost of attendance with resources that, except for on-campus employment, do not flow through the University's administrative structure, little is known about how nonrecipients manage the cost of attendance. However, we do know (based on university databases) that in 1997-98, 11,891 nonrecipients (26 percent of all nonrecipients) were employed on campus, and their on-campus earnings averaged $2,748.¹

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¹ survey data from the 1997-98 SEARS found that 41% of students who reported that they receive no financial aid were employed off campus during the academic year, and 21% were employed on campus...

In addition, survey data from the 1997-98 SEARS found that 41 percent of students who reported that they receive no financial aid were employed off campus during the academic year, and 21% were employed on campus (this includes about 8 percent of students who reported both on- and off-campus employment). While SEARS results show that nonrecipients are less likely to work than recipients, those who did work had higher earnings. Nonrecipients who were employed off campus reported earnings of $8,543 during the academic year, which is significantly greater than the earnings reported by aid recipients working on campus ($3,654) or off ($6,002). In addition, 11 percent of nonrecipients report on SEARS that their parents are using home equity loans as a means of financing the cost of a UC education.

**Recent Trends in Student Financial Support**

**Cost of Attendance**

Between the years 1989-90 and 1993-94, the cost of attendance for undergraduate students at the University of California grew steadily. Figure 10 shows the trends after adjusting for inflation. Sharp fee increases in the early part of the decade, which drove much of the increasing cost of attendance, gave way to steady fee levels in recent years. University systemwide fees have not
increased since 1994-95, and between 1995-96 and 1997-98, the inflation-adjusted cost of attendance was virtually unchanged.

...between 1995-96 and 1997-98, the inflation-adjusted cost of attendance was virtually unchanged.

Figure 10
Trends in the Undergraduate Cost of Attendance, Constant 1997-98 Dollars

![Graph showing trends in the undergraduate cost of attendance]

At the same time, the University has maintained the total amount of financial aid available to students. As Figure 11 shows, the combined effect of a moderation in fee increases and continued financial aid funding has stemmed the growth in the financial burden on students and their families in recent years. In inflation-adjusted dollars, the University has maintained its scholarship and grant funding per need-based aid recipient, while the last three years have seen only marginal changes in the use of loan and work-study among need-based aid recipients, leaving less for other family resources to provide.

As Figure 11 shows, the combined effect of a moderation in fee increases and continued financial aid funding has stemmed the growth in the financial burden on students and their families in recent years.
Borrowing

In 1992-93, the economic downturn in California coincided with the reauthorization of the federal aid programs, during which time loan limits were raised, parent loans were made more accessible, and eligibility for need-based aid was increased for some students (by exclusion of home equity from need analysis and the elimination of the minimum student contribution). Since that time, students and their families have made greater use of loans as a means of financing the cost of attendance. Among need-based aid recipients, the average contribution towards the cost of attendance from family and student resources declined by 12 percent between 1991-92 and 1997-98, from $4,563 to $4,099, while the average contribution from borrowing increased by 71 percent, from $2,350 to $4,029, during the same period.

This trend toward greatly increased use of student loans to finance the cost of attendance is not unique to University of California students and parents. Student loans represent more than half of “generally available aid” nationwide, and the total dollar volume borrowed in the federal loan programs has grown by over 100 percent since 1992-93. Much of this growth has come among students and families that do not qualify for need-based financial aid yet need assistance to pay for college costs. Legislators and policy makers at the state and federal levels have responded, in part, by developing initiatives and establishing various programs designed to encourage parents to save for their children's college education (see discussion in Section 3, “Prospects for the Future”).
From 1989-90 to 1997-98, loan volume for all UC undergraduates has increased almost 4 fold. This dramatic increase has been driven by increases in both the number of borrowers and the size of student loans.

Figure 12 illustrates how, from 1989-90 to 1997-98, loan volume for all UC undergraduates has increased almost 4 fold. This dramatic increase has been driven by increases in both the number of borrowers and the size of student loans. Over this period, the number of undergraduate borrowers increased by 147 percent and the average loan amount increased by 98 percent. As Figure 12 shows, the Subsidized Stafford program is the largest of the loan programs, but the Unsubsidized Stafford and PLUS borrowing are increasing at the fastest rates.

**Figure 12**
Undergraduate Borrowing Over Time: Dollar Volume by Loan Type, 1989-90 to 1997-98 (Dollars in Thousands)

![Graph showing undergraduate borrowing over time by loan type, 1989-90 to 1997-98.](image)

Figure 13 shows added detail on the most recent trends in borrowing among UC's undergraduates. It illustrates how the increase in loan volume between 1996-97 and 1997-98 was driven largely by an increase in the rate at which nonneed-based aid recipients borrow. Loan amounts for all types of borrowers increased moderately, and the number of need-based aid recipients borrowing...
was virtually unchanged. The one dramatic change was a 21 percent increase in the number of nonneed-based aid borrowers. In fact, nonneed-based borrowing accounted for almost 70 percent of the increased loan volume between 1996-97 and 1997-98.

**Figure 13**

**Percentage Change in Number of Borrowers and Average Loan Amount: By Recipient Type, 1996-97 to 1997-98**

![Bar chart showing percentage change in number of borrowers and average loan amount by recipient type, 1996-97 to 1997-98.]

**Grants and Scholarships**

Recent trends in grant and scholarship support are portrayed in Figure 14. A closer view of the patterns of gift aid received reveals that:

- Federal gift aid (primarily Pell Grants) grew at a slower rate than other sources of aid in the early 1990s, when UC fees were increasing rapidly, but began expanding again in the past four award years, primarily because of increased federal appropriations for the Pell Grant Program;

- Total state grant aid (primarily from the Cal Grant A and B programs) has increased at a rate roughly corresponding to increases in student fees.

> **UC gift aid for undergraduates increased dramatically in response to the fee increases of the early 1990s and has grown at a much slower rate since 1994-95, the last year in which systemwide fees increased.**

- UC gift aid for undergraduates increased dramatically in response to the fee increases of the early 1990s and has grown at a much slower rate since 1994-95, the last year in which systemwide fees increased.
Private gift aid declined during the recession of the first half of the 1990s and is now showing a trend toward recovery.

Figure 14
Total Undergraduate Grants and Scholarships by Fund Source: Selected Years, 1989-90 to 1997-98 (In Millions of Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal</th>
<th>State</th>
<th>University</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>$49</td>
<td>$36</td>
<td>$44</td>
<td>$9</td>
</tr>
<tr>
<td>1991-92</td>
<td>$57</td>
<td>$55</td>
<td>$64</td>
<td>$10</td>
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<tr>
<td>1993-94</td>
<td>$64</td>
<td>$85</td>
<td>$105</td>
<td>$8</td>
</tr>
<tr>
<td>1995-96</td>
<td>$79</td>
<td>$105</td>
<td>$129</td>
<td>$11</td>
</tr>
<tr>
<td>1996-97</td>
<td>$86</td>
<td>$109</td>
<td>$132</td>
<td>$13</td>
</tr>
<tr>
<td>1997-98</td>
<td>$94</td>
<td>$110</td>
<td>$130</td>
<td>$15</td>
</tr>
</tbody>
</table>

Recent Trends in Family Income of Enrolled Students

Interest in and concern about the trends discussed above (e.g., growth in the number of needy students, rapid fee increases in the early 1990s, dramatic increases in borrowing) led the university to begin studying undergraduate enrollment by family income. As can be see in Figure 15, the size of the University's entering class has grown by 34 percent or 4,909 students since 1991.
Figure 15
First-Time Freshman Enrollment Systemwide: Selected Years, Fall 1991 to Fall 1998

<table>
<thead>
<tr>
<th></th>
<th>Fall 1991</th>
<th>Fall 1994</th>
<th>Fall 1996</th>
<th>Fall 1997</th>
<th>Fall 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment</td>
<td>21,073</td>
<td>22,398</td>
<td>24,002</td>
<td>24,742</td>
<td>25,982</td>
</tr>
</tbody>
</table>

Figure 16 portrays trends in freshman enrollment since 1991 at four income levels. For purposes of this discussion, these income levels can be labeled low-income (annual family income of less than $30,000); moderate-income (annual family income between $30,000 and $60,000); middle-income (annual family income of between $60,000 and $90,000); and high-income (annual family income of $90,000 or more). Enrollment trends by income are illustrated by Figure 16 and can be summarized by the following points:

- Between 1994 and 1998, the proportional share of freshmen enrollment held by students from low-income families decreased by over 5 percentage points, while the proportion of students from high-income families grew by 6 percentage points, reversing the pattern of the years between 1991 and 1994, when the proportion of enrollment held by students from low- and moderate-income families grew and the proportion of students from high-income families decreased;

- The enrollment patterns of first-time freshman students from low-income families do not appear to be driven by fee levels. While many individuals are concerned about the impact of rising fees on low-income students, the period of the sharp fee increases between 1991 and 1994 was associated with an increase in the proportion of low-income undergraduates, while the period of stable fees that followed was associated with a decrease in the proportion of these students.
The enrollment patterns of first-time freshman students from low-income families do not appear to be driven by fee levels...the period of sharp fee increases between 1991 and 1994 was associated with an increase in the proportion of low-income undergraduates...

- These income trends among UC's freshmen reflect similar trends among California's population as a whole; i.e., during the recession of the early 1990s, the percentage of UC freshmen from low-income families increased as did the percentage of low-income families in all of California. Likewise, during the economic growth of the last few years, the percentage of low-income families decreased among both UC freshmen and the state population.

Figure 16
First-Time Freshman Enrollment Systemwide by Parent Income and Cohort Year, Percent Distribution, Constant 1997 Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Less than $30,000</th>
<th>$30,000 - $59,999</th>
<th>$60,000 - $89,999</th>
<th>$90,000 or More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 1991</td>
<td>23.3%</td>
<td>27.3%</td>
<td>22.3%</td>
<td>27.2%</td>
</tr>
<tr>
<td>Fall 1992</td>
<td>24.4%</td>
<td>26.3%</td>
<td>21.3%</td>
<td>28.1%</td>
</tr>
<tr>
<td>Fall 1993</td>
<td>26.9%</td>
<td>26.3%</td>
<td>22.3%</td>
<td>24.5%</td>
</tr>
<tr>
<td>Fall 1994</td>
<td>29.1%</td>
<td>26.8%</td>
<td>19.9%</td>
<td>24.2%</td>
</tr>
<tr>
<td>Fall 1995</td>
<td>27.4%</td>
<td>26.1%</td>
<td>21.7%</td>
<td>24.8%</td>
</tr>
<tr>
<td>Fall 1996</td>
<td>25.1%</td>
<td>25.9%</td>
<td>21.9%</td>
<td>27.1%</td>
</tr>
<tr>
<td>Fall 1997</td>
<td>24.1%</td>
<td>25.4%</td>
<td>21.5%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Fall 1998</td>
<td>23.8%</td>
<td>25.0%</td>
<td>21.0%</td>
<td>30.2%</td>
</tr>
</tbody>
</table>

1 The independent institutions in the comparison include Brown University, California Institute of Technology, Claremont McKenna College, Columbia University, Cornell University, Dartmouth University, Duke University, Georgetown University, Harvard University, Massachusetts Institute
of Technology, Northwestern University, Notre Dame University, Occidental University, Pepper-dine University, Princeton University, Saint Mary's College, Santa Clara University, Stanford Uni-
versity, University of Pennsylvania, University of Southern California, and Yale University.

ii Earnings for off-campus employment also includes a small portion of students who reported both off- and on-campus employment

SECTION 2
FINANCIAL SUPPORT FOR GRADUATE STUDENTS

How Graduate Students Use Financial Assistance to Help Cover Educational Expenses

The financial assistance used by graduate students to help cover educational costs can be grouped into three categories: 1) support from fellowships, grants, and assistantships; 2) student loans; and 3) work-study funds. While financing patterns can differ significantly across disciplines, Figure 17 shows how average financing patterns differ for graduate academic students and graduate professional students.

Figure 17
Per Capita Awards for Graduate Students
By Award Type and Type of Graduate Program, 1997-98

Graduate academic students rely far more extensively on fellowships, grants, and assistantships than their graduate professional counterparts. The value of fellowships, grants, and assistantships per academic graduate student is almost 4 times what it is per graduate professional student. The reverse pattern holds for loan assistance. Loan assistance per graduate professional student is almost 5 times what it is per graduate academic student.

This pattern reflects differences in how graduate academic and graduate professional students have been financing their increasing costs of education. Graduate academic students have covered a great deal of the increases in the cost of attendance over the past decade with additional fellow-
ship, grant, and assistantship support. Graduate professional students, however, have been meeting their increased costs primarily through increased borrowing.

In addition to relying on different types of assistance to help meet educational costs, graduate academic and professional students also receive different levels of over-all support. Per capita assistance of all types is 37 percent higher for graduate academic students than it is for graduate professional students, so graduate academic students are relying on student financial assistance to a much greater extent than are graduate professional students.

These differences reflect the contrasting approaches to graduate student support. Fellowship, grant, and assistantship support are viewed as more appropriate and loans as less appropriate for recruiting and retaining doctoral students whose academic programs are lengthy and whose future income prospects are relatively low. In contrast, student loans are viewed as being more appropriate for students pursuing professional degrees whose programs are relatively shorter and whose incomes have the potential to be substantially higher.

**Graduate Academic Students**

Any consideration of the role of student financial support in helping graduate academic students finance their advanced studies needs to be made in the context of doctoral education in the United States, rather than in comparison to the issues, policies, and practices prevalent in the area of undergraduate student support. One aspect in which they differ is that the principal types of support awarded to graduate academic students (fellowships and assistantships) use academic performance and scholarly potential as the basis of eligibility and selection, rather than student and family resources or financial aid need. In 1997-98, 86 percent of graduate academic students received merit-based support, while only 28 percent received need-based support, largely in the form of student loans. In addition, eligibility for the need-based assistance that is awarded is determined without regard to parent income since graduate students are considered to be self-supporting or independent.

The principal types of support awarded to graduate academic students (fellowships and assistantships) use academic performance and scholarly potential as the basis of eligibility and selection

The types of aid received by graduate academic students reflect the prevalence of merit-based support over need-based. Eighty-nine percent of aid received by these students in 1997-98 came in the form of fellowships, assistantships, and grants. The remaining 11 percent came in the form of loans.

The availability and the nature of merit-based support at the graduate level, moreover, vary widely by discipline, making it difficult to generalize about types of merit-based student support at this level or find common ground across subject areas that can serve as a basis for standard policies and practices.
Graduate academic students in general, and doctoral students in particular, receive the majority of their support from institutional sources: graduate academic students at UC, for example, received 64% of their support from University programs in 1997-98. However, fellowship, assistantship, and student loan support funded or authorized by the federal government is a crucial piece of the total support structure of many graduate students.

**Graduate Professional Students**

The University's graduate professional students face different costs and different student support issues than do its graduate academic students. Easier access to loans, the program-specific fees that these students pay in some fields, and the paucity of grant, fellowship, and assistantship support for professional degree students have combined to produce an ever-increasing reliance on borrowing as a means of financing the cost of attendance. As Figure 18 shows, the average loan amount of professional degree student borrowers has grown by $3,432 (32 percent) since 1993-94. However, the rate of increase has slowed in each of the past four years so that in 1997-98, the average annual loan amount increased by 4 percent after double-digit rates of increase as recently as 1994-95.

Since student loans are such an important part of the financial support structure for professional students, changes in the features of federal loan programs can affect these students to a greater degree than others. For example, the more flexible and generous repayment provisions that have been instituted in the federal programs will, in all likelihood, benefit graduate professional students more than others because of the higher cumulative debt that many of these students carry. In addition, UC's professional students who do borrow will benefit from the reinstatement of the federal tax deduction for student loan interest payments. This tax deduction, which is subject to income restrictions, can be taken for the interest that is paid during the first 60 months in which a student loan is in repayment.
Figure 18
Average Annual Loan Amounts:
Professional Degree Students, 1993-94 to 1997-98

<table>
<thead>
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<th></th>
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</thead>
<tbody>
<tr>
<td>All Professional Programs</td>
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<td>$12,698</td>
<td>$13,454</td>
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</table>
SECTION 3
OTHER PROGRAMS AND INITIATIVES TO ASSIST STUDENTS AND THEIR FAMILIES FINANCE A UC EDUCATION

University Programs and Initiatives

The University’s Budget

As discussed in Section 1 of this report, the University has not raised its mandatory systemwide student fees since 1994-95, and in 1998-99, these fees actually decreased by 5 percent for undergraduates. Mandatory systemwide fees for resident undergraduate students and resident graduate students enrolled in programs not subject to the Fee for Selected Professional School Students will decline by 5 percent for 1999-2000. At the same time, the state has provided funding to the University that allows for maintaining funding levels for the University's financial aid programs, creating an additional benefit to University of California students and their families.

State Programs and Initiatives

Cal Grants

State increases in support for the Cal Grant program have resulted in significant growth in the number of awards for new Cal Grant recipients as well as in the size of award made to students attending one of California's independent colleges or universities. The number of UC students receiving Cal Grant awards grew by 1.4 percent between 1996-97 and 1997-98. In addition, 1999-2000 will be the fourth consecutive year in which the number of new Cal Grant awards will increase.

Scholarshare Trust College Savings Program

While the increasing support for the Cal Grant programs helps to meet the needs of California's students and families with financial need, the state also has taken steps to establish a program encouraging all families, especially those from middle-income backgrounds, to embark upon a system of long-range planning for contributing to their children's college expenses. Until recently, the average cost of tuition and fees at public colleges nationwide had been rising at almost three times the rate of household incomes. As a result, an increasing portion of middle-income families that are ineligible for need-based financial aid find they lack the savings or current income to cover their children's educational expense. These families have been turning to borrowing in order to meet these costs. In response to this growing trend, the state created the "Scholarshare Trust College Savings Program" (hereinafter referred to as the "Scholarshare Trust"), a tax-deferred college savings fund.

The Scholarshare Trust was designed to encourage parents of children of all ages (and others) to begin a saving plan to help cover the costs of a college education. The program manages individual accounts, which are pooled into large funds and invested in a number of different instruments (i.e., stocks, bonds, money markets, or a combination of these) by the state or its agent. Investments are capped such that the yield from the account does not exceed the projected education
expenses at an independent college or university. Earnings from these investments are not taxed at either the federal or state level until they are used for qualified higher education expenses (fees, tuition, supplies, and room and board). When funds are withdrawn to pay for qualified expenses, the earnings are taxed at the beneficiary's tax rate, which is typically lower than that of the investor. Savings withdrawn for non-qualified expenses are subject to a financial penalty.

Among the advantages of the Scholarshare trust are the following: no income limits for investors, low minimum contribution amounts, and convenient payment arrangements. Investors benefit mostly from the tax-deferred status of their earnings but also from the professional management of funds that the program provides. The California Student Aid Commission, which administered the development of the Scholarshare Program, anticipates that the first investments for the program will be accepted in the fall of 1999.

**Federal programs and initiatives**

**Federal Education Tax Credits**

The two federal education tax credits, the Hope Scholarship Tax Credit and the Lifetime Learning Tax Credit, are available to taxpayers for tuition and required fees paid less grants, scholarships, and other tax-free educational assistance. Eligibility for both is phased out for joint filers who have between $80,000 and $100,000 in adjusted gross income, and for single filers who have between $40,000 and $50,000 in adjusted gross income. Families will be able to claim the Lifetime Learning tax credit for some members of their family and the Hope Scholarship tax credit for others who qualify.

**Hope Scholarship Tax Credit**

The Hope Scholarship tax credit was designed to make the first two years of college or vocational school universally available. Students or their parents (depending on who is the taxpayer) may receive a 100 percent tax credit for the first $1,000 of tuition and required fees paid and a 50 percent credit on the second $1,000. The credit can be claimed for a maximum of two tax years for students who are enrolled in any portion of their first two years of college or vocational school and on at least a half-time basis in a degree or certificate program.

**Lifetime Learning Tax Credit**

The lifetime learning tax credit is targeted at adults reentering college, changing careers, or taking courses to upgrade their job skills. It also is available to juniors, seniors, and graduate level students or other students ineligible for Hope credits. A family may receive a 20 percent tax credit for the first $5,000 of tuition and required fees paid each year through 2002, and for the first $10,000 thereafter. The maximum credit is determined on a per-taxpayer (filer) basis, regardless of the number of postsecondary students in the family.
UC and the Federal Education Tax Credits

In early 1999, the University issued about 307,000 IRS 1098-T forms to individuals who had been University students in 1998. These forms provided students and their families with the information needed to determine eligibility for the federal education tax credits and included a breakdown of the eligible tuition and mandatory fees paid during the tax year as well as the grants, scholarships, and other tax-free assistance that count against the eligible tuition and fees. The tax credits were not fully implemented for calendar year 1998, but will be for 1999. The University estimates that approximately 36 percent of regular UC students and their families will be able to claim approximately $50 million annually in federal education tax credits.

Student Loan Interest Deduction

The student loan interest deduction reduces the burden of loan repayment by allowing taxpaying borrowers to take a tax deduction for interest paid during the first 60 months of repayment on student loans. The deduction is available even if the taxpayer does not itemize other deductions. The maximum deduction will increase by $500 increments to $2,500 in 2001 but is capped at $2,500. It is phased out for joint filers with adjusted gross incomes of between $60,000 and $75,000, and single filers with adjusted gross incomes of between $40,000 and $55,000. To the extent that the loan repayment occurs within the first 60 months of repayment, the deduction is available for all educational loans, including loans made to students or parents, guaranteed student loans, loans from private lenders, and loans made before the student loan interest deduction was passed into law.

IRA Withdrawals for Higher Education Expenses and the Education IRA

Taxpayers may withdraw funds penalty-free from either a traditional Individual Retirement Account (IRA) or a Roth IRA for their own higher education expenses or those of their spouse, child, or grandchild. Earnings on a traditional IRA are taxed when they are withdrawn, and contributions may be taxed when withdrawn depending upon whether they were originally tax deductible. Individuals may contribute to a traditional IRA without regard to income, although income does have a bearing on whether the contributions are tax deductible.

If the holder of a Roth IRA meets age requirements, then earnings withdrawn for education expenses or other purposes are tax-free. Otherwise, they are taxable. Eligibility to contribute to a Roth IRA is phased out for joint filers with adjusted gross incomes of between $150,000 and $160,000 and for single filers with adjusted gross incomes of between $95,000 and $110,000.

In addition, for each child under the age of 18, families may deposit $500 per year into an Education IRA in a child's name. Although contributions are not tax deductible, earnings on the Education IRA will accumulate tax-free and no taxes are due upon withdrawal if the money is used to pay for postsecondary tuition and required fees (less grants, scholarships, and other tax-free educational assistance), books, equipment, and eligible room and board expenses. Income eligibility to contribute to an Education IRA is the same as that for the Roth IRA. Taxpayers may not, however, benefit from an Education IRA distribution and a Hope Scholarship or Lifetime Learning tax credit in the same year.
**U.S. Savings Bonds**

The interest on U.S. Savings bonds is, in certain circumstances, tax-free when bond proceeds are used to cover eligible education expenses. Individuals who purchase Series EE or Series I bonds when they are at least 24 years of age, may withdraw bond proceeds tax-free if they are used to cover tuition or fees or contributions to a Qualified State Tuition Program such as Scholarshare or an education IRA. Eligibility for tax-free withdrawals is a function of income level when the bond is redeemed, and is phased out for individuals filing jointly with incomes of between $79,650 and $109,650 and for individuals filing singly with annual incomes of between $53,100 and $68,100.
SECTION 4
OVERVIEW OF STUDENT FINANCIAL SUPPORT IN 1997-98

Using a series of figures and tables, this section presents an overview of student financial support during the 1997-98 academic year. Each figure or table is accompanied by text that provides additional detail.

Figure 19
Enrollment, Recipients, and Support by Enrollment Level, 1997-98

- Almost three-fourths (71 percent) of all students enrolled at the University of California received some form of student financial support in 1997-98.

- Graduate students represented a greater portion of support recipients and received a greater percentage of financial support dollars than their percent of total enrollment because they:
  - Generally have a higher cost of attendance;
  - Are more likely to pay nonresident tuition;
  - Generally do not rely on parental support;
  - Are more likely to be married and to have dependent family members;
  - Are likely to be awarded assistantships;
  - Receive significant amounts of nonneed-based support; and
  - Have higher student loan limits

- While the amount of graduate support continues to increase, the proportion of total financial support dollars awarded to graduate students continues to decline: graduate students re-
received 59 percent of total student financial support award monies in 1990-91 and 46 percent in 1997-98. Many factors have contributed to this steady proportional decrease, including growth in undergraduate enrollment relative to graduate enrollment; recent increases in federal Pell Grant funds for low-income undergraduates; increased borrowing among undergraduate students and parents; and decreased enrollment of nonresident graduate students, whose higher student budgets (due to nonresident tuition) command larger student support awards.

Figure 20
**Total Support by Type, 1997-98**
$1,303,935,983

- Student Financial Support at the University of California increased by 4.3 percent, or $56.0 million, between 1996-97 and 1997-98 and has reached a total level of $1.3 billion (see Attachment A).

- Over 45 percent of this $56.0 million increase was made up of growth in student loan volume, principally at the undergraduate level.

- Student loans continue to represent almost two-fifths (39 percent) of total student support awarded at the University.
Federal and University sources together provide 89 percent of the support received by UC students (see Attachments B through E).

Between 1996-97 and 1997-98, the portion of total support from the University fell from 35 to 34 percent, while federal support increases from 54 to 55 percent.

UC support was up by 3 percent in 1997-98, while federal support was up by 6 percent.

UC students earned $400 million in work-study and other on-campus employment during 1997-98, which is a 4 percent ($16 million) increase over 1996-97.

A significant proportion of UC's student body was employed on campus during 1997-98 -- 39 percent of undergraduate and 63 percent of graduate students.

Although the three work-study programs administered by the University (the federal College Work-Study program and two very small state and University programs) have a role to play in creating job opportunities for low-income students, particularly at the undergraduate level, earnings in this category represent less than 5 percent of the total amount that UC students earn in on-campus and work-study employment.

Total compensation for teaching and research assistantships is $242 million and includes $49 million in partial and full fee and tuition coverage awards and health insurance fee waivers that are granted to eligible students who hold these positions.
Although most earnings (except for work-study and assistantships) are not reflected in student financial aid figures, student employment continues to be an important means by which students finance the cost of a UC education. The earnings from on-campus student employment, beyond that of work-study and assistantships, totaled $133 million in 1997-98.

Students also are employed off campus during the academic year and the summer. Data from the latest Student Expenses and Resources Survey (SEARS) indicate that 37 percent of UC's undergraduates work off-campus during the academic year, and 55 percent of them hold off-campus jobs during the summer. Although a majority of UC's graduate students work on campus, 23 percent of them hold an off-campus job during the academic year.

Figure 23
Types of Undergraduate Support, 1997-98
$704,805,127

Financial aid that does not have to be earned or repaid (i.e., grants and scholarships) constitutes 50 percent of undergraduate support at the University, with student loans and work-study comprising 49 percent and assistantships the remaining 1 percent.

Almost two-thirds (65 percent) of the University's undergraduate students received some form of student financial support in 1997-98 (see Attachment A-2).

More than half (53 percent) of UC's undergraduates received some form of need-based aid in 1997-98.

More than half (51 percent) of UC's undergraduates received some form of gift assistance (includes both need-based and nonneed-based gift aid) in 1997-98.

Over three-fourths (77 percent) of undergraduate support at the University is awarded on the basis of need, a reflection of the conviction that the principal goal of undergraduate financial support is to provide access to a University education to those students who otherwise would be unable to afford to attend.

The remaining 23 percent of undergraduate support is awarded principally in the form of loans (three-quarters of nonneed-based awards) with scholarships and grants comprising one quarter.
UC undergraduates receive 63 percent of their support from programs funded or authorized by the federal government. It is important to keep in mind that 79 percent of these awards are made in the form of loans and work-study.

State and University programs, while not equaling federal programs in total dollars, play a vital role in the provision of grant and scholarship support to UC undergraduates: together they accounted for over two-thirds of undergraduate grant and scholarship aid. Thirty-one percent of total gift assistance awarded in 1997-98 came from state programs and 37 percent came from University programs.

University support represents 16 percent of total assistance received by undergraduates in 1997-98 but accounts for 39 percent of support for undergraduates gift assistance.

Most university support comes in the form of gift assistance. Grants and scholarships together represent 95 percent of University support for undergraduate students.
While federal support represents 63 percent of undergraduate support overall, three-quarters of that support is in the form of student loans.

While most federal support comes in the form of loans, the federal government is nonetheless a significant source of undergraduate gift assistance. Federal grant programs account for 25 percent of all gift assistance received by undergraduates.

Table 2
Undergraduate Need-Based Support Recipients by Parent Income, 1997-98

<table>
<thead>
<tr>
<th>Dependent</th>
<th>Number of Recipients</th>
<th>Percent of Total</th>
<th>Percent of Dependent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000</td>
<td>27,244</td>
<td>41%</td>
<td>52%</td>
</tr>
<tr>
<td>$30,000 - $44,999</td>
<td>10,933</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>$45,000 - $59,999</td>
<td>7,781</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>$60,000 or More</td>
<td>7,787</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>53,745</td>
<td>81%</td>
<td>100%</td>
</tr>
<tr>
<td>Independent</td>
<td>12,763</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>66,508</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

The family resources available to the student determine whether he or she qualifies for need-based financial aid. As parental income increases, the number of students who qualify for aid declines. Most undergraduates who receive need-based aid have relatively few fi-
financial resources, and 41% of them come from families whose annual income is less than $30,000.

- In 1997-98, the University’s undergraduate need-based aid recipient population declined very slightly (1.6 percent). However, the change differed by income level. The population of recipients from families with incomes of less than $30,000 and independent recipients declined while the other populations grew. The largest growth was among students from families with incomes of $60,000 and above (9.5 percent).

- Undergraduate students who are considered to be financially independent of their parents continue to constitute approximately one-fifth of total undergraduate aid recipients.

Figure 27
Support for Undergraduate Need-Based Aid Recipients by Aid Type and Family Income: Percent with Award, 1997-98

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Scholarship</th>
<th>Grant</th>
<th>Loan</th>
<th>Work-Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000</td>
<td>13%</td>
<td>97%</td>
<td>78%</td>
<td>21%</td>
</tr>
<tr>
<td>$30,000 - $44,999</td>
<td>17%</td>
<td>88%</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>$45,000 - $59,999</td>
<td>17%</td>
<td>64%</td>
<td>84%</td>
<td>14%</td>
</tr>
<tr>
<td>$60,000 or More</td>
<td>17%</td>
<td>25%</td>
<td>89%</td>
<td>8%</td>
</tr>
<tr>
<td>Independent</td>
<td>11%</td>
<td>90%</td>
<td>87%</td>
<td>10%</td>
</tr>
</tbody>
</table>

- Grants and loans comprise the most common forms of support for UC’s undergraduate financial aid recipients at all income levels.

- UC campuses continue to target their grant awards to lower-income and independent undergraduate aid recipients, almost all of whom received grant awards during 1997-98. As a result, dependent aid recipients from higher-income families ($60,000 and above) are much less likely to receive a grant award.

- The lowest-income dependent aid recipients continue to be somewhat less likely to borrow than their moderate- and middle-income peers, who sometimes borrow in order to help meet their parents’ expected contribution as well as to meet their own expected contribution from loan and work.
Undergraduates from families with annual incomes of less than $30,000 continue to receive the largest grant awards of any income group. The size of these awards compensates for the absence of family resources and, therefore, for the absence of any sizable expected parental contribution.

Independent students, who generally do not have family resources available to them, have, on average, smaller grants than dependent students from the lowest income category. At the same time, they have larger loans that, on average, offset the lower grant levels almost to the dollar. These average figures, however, do not mean that all independent students have loans to offset lower grant levels.

The pattern of average loan awards has changed during the past several years. Previously, there was little difference in the size of the average loan among the various income groups (excepting independent students). This figure illustrates a more recent trend whereby the average loan rises as parent income increases.

In part, this pattern reflects the fact that middle-income students and their parents are increasing borrowing to meet their expected parent contribution, which is much higher than the contribution expected from low-income students.

While the number of need-based aid recipients with scholarships is less than one-fifth the number with grants, those recipients who do earn scholarships receive substantial awards that average over $2,400 across all income and dependency categories.
The total number of undergraduate need-based borrowers was virtually unchanged between 1996-97 and 1997-98, while undergraduate enrollment increased by 2 percent.

The number of borrowers decreased for students with family incomes of less than $30,000 and independent students. It increased, however, for dependent students in all other income categories. The largest increase occurred among dependent students from families with incomes of $60,000 or more (by 676 borrowers or 10 percent).

About half of all dependent borrowers (49 percent) have family incomes of less than $30,000.
The average loan per dependent borrower increases with family income. Thus, low-income dependent students, on average, take out smaller loans than their higher-income peers.

Independent students, who do not have parental resources to help them cover their cost of attendance, have larger average loans than dependent students in all income categories except students from families with incomes of $60,000 or more.

The increasing reliance on borrowing by middle- and upper-class undergraduates means that 1997-98 is the first year in recent history in which an income category of dependent students has had an average loan larger than independent students.

The average loan amount for all undergraduates increased by 2 percent between 1996-97 and 1997-98. The steepest increase in average loan amount among the income and dependency categories came among dependent students from families with incomes of under $30,000. Their average loan increased by 5 percent.
Figure 31
Undergraduate Borrowing Among Need-Based Aid Recipients by Income: Per Capita Borrowing, 1996-97 and 1997-98

$-

1996-97  $3,037  $3,725  $4,254  $5,295  $5,060
1997-98  $3,237  $3,709  $4,199  $5,393  $5,062

• Like the average loan per dependent student, borrowing per need-based aid recipient increases with family income among dependent students.

• Borrowing per need-based aid recipient among independent students is second only to borrowing per need-based aid recipient among dependent students with family incomes of $60,000 or more. While the difference in the average loan for these two groups of students is only $39 (see Figure 30), the difference in borrowing per need-based aid recipient is over eight times as large. This is driven, in part, by a smaller portion of independent students borrowing, although those who do take out loans borrow almost as much as students with family incomes of $60,000 or above.

• Borrowing per undergraduate need-based aid recipient increased by 3 percent overall between 1996-97 and 1997-98. Among the income and dependency categories, dependent students with family incomes of under $30,000 showed the greatest increase -- 7 percent -- while students with family incomes of between $45,000 and $59,999 showed the greatest decrease -- 1 percent.
Between 1996-97 and 1997-98, total graduate student support at the University increased by 5% to $599 million.

The balance between merit- and need-based support at the graduate level was steady after having shifted slightly towards more need-based awards between 1995-96 and 1996-97.

Proportional relationships among the different types of merit- and need-based support remained essentially unchanged.

Graduate academic students receive almost all their financial support – 87 percent – in the form of merit-based awards, i.e., fellowships and assistantships. This is up from 85 percent in 1996-97.

Support for graduate academic students is up by 3.5 percent over 1996-97.

Graduate professional students, on the other hand, receive 69 percent of their support in the form of student loans and only 19 percent of their support in the form of merit-based awards.

Support for graduate professional students is up by 10.1 percent over 1996-97.
- Graduate academic students receive essentially all of their financial support from the University and from federal programs.

- The University plays a larger role in supporting graduate academic students than it does in supporting undergraduate students or graduate professional students, in great part because the type of support provided these students (fellowships and assistantships) is closely tied to the teaching and research missions of the University.

- Since graduate professional students rely to such a great extent on student loans as a means of financing their cost of attendance, it follows that over two-thirds (70 percent) of total dollars awarded these students come from federal programs.

- Assistantships represent almost two-thirds (63%) of University support for graduate academic students and, in combination with fellowships, comprise all but a small fraction of University support for students in graduate academic programs.

- University support for graduate professional students represents 16% of the total amount in UC’s support programs for all graduate students, with almost two-thirds (64 percent) coming in the form of merit-based support (fellowships and assistantships). In 1996-97, 59 percent came in the form of merit-based support.
- Total University support for graduate students is up by 6 percent ($19 million) over 1996-97 levels.

Figure 36  
Federally Authorized Support for Graduate Students, 1997-98

- Federally authorized support is more evenly distributed between graduate professional students (47 percent) and graduate academic students (53 percent).

- Research assistantship awards continue to be the most significant form (46 percent) of federal support for UC’s graduate academic students.

- Almost all federal support for UC’s graduate professional students (94 percent) comes to them in the form of student loans.

- Total federal support increased by 5 percent between 1996-97 and 1997-98. The percentage increase was greatest for fellowships (10 percent).
The amount and type of support received by individual graduate students vary greatly by program and discipline. A greater proportion of academic degree students receive support, and they are much more likely to receive merit-based support than professional degree students. On average, students enrolled in academic degree programs at the graduate level also receive larger amounts of total support and larger merit-based awards than students in professional degree programs.

Professional degree students are much more likely to receive need-based awards, and they receive larger need-based awards, on average, than their counterparts in academic degree programs. These awards are made overwhelmingly in the form of loans.

These differences in amount and type of support for students in academic and professional degree programs reflect prevailing approaches to graduate student support. On the one hand, merit-based support is considered an essential element in the recruitment and retention of Ph.D. students, while loans are viewed as a less appropriate means of support for these students, whose programs are lengthy and whose career paths include relatively low-paying faculty positions. On the other hand, need-based support in general and student loans in particular are considered an appropriate means of supporting those students who could not otherwise afford to enroll in one of the University’s professional degree programs. These students are expected to cover more of their educational costs from personal resources and loans because their programs generally are shorter and their careers, especially in law, medicine, and business administration, are potentially more lucrative.
Figure 38
Average Awards of Graduate Students
Receiving Financial Support, 1997-98

See discussion on previous page.
As at other research universities, graduate student support at UC varies greatly by discipline. While at least 80 percent of graduate academic students in all major discipline areas received some form of merit-based support in 1997-98, the likelihood of a student’s receiving such support climbs to over 90% in the Life and Physical Sciences.

Academic discipline also affects the type of support awarded: students in the Life, Physical, and Engineering and Computer Sciences are more likely to receive a research assistantship than students in other disciplines, while those in the Humanities are more likely to be awarded a teaching assistantship. Although both types of awards require graduate students to work, the implications for progress toward the Ph.D. are quite different: research assistantships tend to link the graduate student with a professor who is working in the student’s area of interest and dissertation projects usually develop from this work; teaching assistantships provide professional development and usually are related in some way to the student’s general field, but may not have any relationship to the student’s dissertation.
The type and size of merit awards for graduate academic students vary by discipline. Students in the Physical Sciences receive the largest merit awards, on average, while those in Fine Arts receive the least. As can be expected by the reliance on teaching assistantships in the Humanities, average TA awards in this discipline are higher than in other fields.

The greater amount of extramural funding available for the life and physical sciences, engineering and computer science, and the health sciences makes it possible for students in these areas to have larger average awards, particularly in the form of research assistantships.
GLOSSARY

Bureau of Indian Affairs Grants\textsuperscript{F}
Some of UC’s Native American students receive additional support from this Federal Program.

Cal Grant A Program\textsuperscript{S}
This is the largest of the State’s aid programs and provides fee-coverage scholarships to needy, meritorious undergraduates.

Cal Grant B Program\textsuperscript{S}
This program provides undergraduates from disadvantaged backgrounds with a fee-coverage grant and a stipend for living expenses.

Cal Grant C Program\textsuperscript{S}
The smallest of the Cal Grant Programs, Cal Grant C provides vocational students with fee-coverage grants and an allowance for training-related costs, such as equipment, books, supplies, and transportation.

Education Abroad Program\textsuperscript{U}
This program provides scholarships to students who are studying abroad at one of 199 institutions in 35 other countries.

Exceptional Financial Need Scholarship Program\textsuperscript{F}
This program, authorized by the Public Health Service Act, provides grants to institutions that are used to support medical and nursing students who have great financial need.

Federal Direct Loan Program\textsuperscript{F}
This umbrella program encompasses three federal student loan programs funded with loan capital provided by the federal government; postsecondary institutions act as the lending agent for subsidized and unsubsidized student loans and unsubsidized parent loans for undergraduate students (PLUS). This program is an alternative to the Federal Family Education Loan Program (FFELP).

Federal Family Education Loan Program (FFELP)\textsuperscript{F}
This umbrella program encompasses three federal student loan programs guaranteed by the federal government and funded with loan capital provided by banks and other lending institutions: subsidized and unsubsidized Stafford loans for students and unsubsidized parent loans for undergraduate students (PLUS). This program is an alternative to the Federal Direct Loan Program.

Federal Fellowships\textsuperscript{F}
UC’s graduate students receive Federally funded fellowships from many Federal agencies, among them the National Science Foundation, the Public Health Service, and the National Institutes of Health, and from a variety of Federal programs, such as the Foreign Language Area Studies Pro-
gram, the Fulbright-Hayes Program, and the programs authorized by Title IX of the Higher Education Act.

**Federal Work-Study (FWS) Program**
Federal funds, institutional funds, and employer contributions combine to pay the salaries of needy undergraduate and graduate students employed through this program.

**Graduate Fellowship Program**
This small State program provides fee coverage awards for needy meritorious graduate academic and professional students who have declared their intent to teach at the postsecondary level.

**Health Education Assistance Loans (HEAL)**
This program’s unsubsidized, nonneed-based loans are relatively expensive and are used by UC health professions students as a fund source of last resort.

**Health Professions Student Loans (HPSL) and Nursing Student Loans (NSL)**
Needy UC students in health profession fields receive additional funding from these two small, institutionally managed loan programs.

**Pell Grant Program**
This, the largest aid program directly funded and administered by the Federal government, provides grants to undergraduates who meet its stringent need criteria.

**Perkins Loan Program (formerly National Direct Student Loan [NDSL] Program)**
Federal capital contributions, institutional matching funds, and, above all, collections from former UC students combine in this program, which is administered by the University under stringent Federal regulations. Both undergraduate and graduate students receive need-based, low-interest loans from this program.

**President’s Washington Scholarship Program**
This program provides scholarships to financially needy students who are participating in an internship in Washington, D.C.

**Research Assistantships**
The University maintains three research assistantship programs in areas of critical need: the arts and humanities, in order to provide more research support; engineering and computer science, in order to attract more domestic students to graduate work in these fields; and doctoral education in community college administration, to support community college administrators preparing for leadership roles in administration. Funds are awarded as merit-based graduate research appointments. These programs fall under the research budget.

**Robert C. Byrd Honors Scholarship Program**
This State-administered Federal program provides non-renewable merit-based awards of $1,500 to outstanding high school seniors for their first year of postsecondary study.
State Work-Study

This program operates at three UC campuses (Berkeley, Davis, and San Diego) and provides needy undergraduates and graduate students with funding for employment related to their academic majors or their career goals.

Supplemental Educational Opportunity Grant (SEOG) Program

The UC Campuses manage these Federal grant funds and use them to provide additional grant awards to low-income undergraduates.

University Student Aid Program (USAP)

The largest of the University’s need-based student support programs, the University Student Aid Program is used to provide need-based grant, loan, and work-study awards to undergraduate and graduate students. Budget augmentations to the USAP are made from the State General Fund and are indexed to budgeted enrollment growth and to annual fee increases.
INFORMATION ON ATTACHMENTS

1. Sources for Data: UCOP Corporate Student System.

2. All recipient counts are unduplicated.

3. Postbaccalaureate teacher credential candidates are included in graduate enrollment figures.

4. Health sciences residents are excluded from graduate enrollment figures.

5. Health insurance fee remissions are awarded only to teaching and research assistants.

Additional Notes for Attachment C

- The appearance of Pell Grant awards at the graduate level is caused by students who moved from undergraduate to graduate status within a financial aid award year.
- “Other Federal Support” includes Bureau of Indian Affairs Grants, Nursing Grants and Loans, Health Education Assistance Loans (HEAL) and Health Professions Student Loans (see Glossary for definitions).
- This attachment does not include federally funded teaching and research assistantships, Social Security benefits, and veterans’ benefits.

Additional Notes for Attachment F

- Starting in 1984-85, funds formerly counted as Private and Outside Agency Scholarships are counted as Private and Outside Agency Grants.
- Starting in 1986-87, Nonresident Tuition Fellowship funds, formerly counted as Grants, are counted as Scholarships (for undergraduates) and Fellowships (for graduates).
- It is not possible to disaggregate postbaccalaureate students from other students for the years prior to 1988; therefore, they are included in some years as undergraduates and in other years as graduate students.
- Starting in 1990-91, Cal Grant A funds, formerly counted as Scholarships, are counted as Grants.

Additional Note for Attachment G

- Prior to 1984-85, HEAL, PLUS, and SLS funds are counted in the Private and Outside Agency category; starting with 1984-85, they are counted in the Federal category.
- It is not possible to disaggregate postbaccalaureate students from other students for the years prior to 1988; therefore, they are included in some years as undergraduates and in other years as graduate students.
**Additional Note for Attachment H**

- Student Budget figures are based on weighted average systemwide budgets for undergraduates.
- The Family Contribution includes non-need scholarships.
- The figures for need-based loans exclude nonneed-based Stafford loans.

**Additional Note for Attachment I**

- Student budget figures are based on weighted average systemwide resident and nonresident budgets for graduate students.
- Beginning in 1989-90, research and teaching assistantships are derived from the Corporate Student System; for preceding years, they are estimated based on other sources.
- The category “Family Contribution and Other Support” represents the result of subtracting total support from the student budget.
**UNIVERSITY OF CALIFORNIA**
**OFFICE OF THE PRESIDENT**
**STUDENT ACADEMIC SERVICES**
**DENNIS J. GALLIGANI, ASSOCIATE VICE PRESIDENT**

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<td>Jacquelyn Ito-Woo</td>
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<td>Coordinator, Federal Governmental Relations</td>
<td>Nancy Coolidge</td>
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<td>Special Assistant, Special Projects</td>
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