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# Looking to the future and a debt free UC

## Introduction

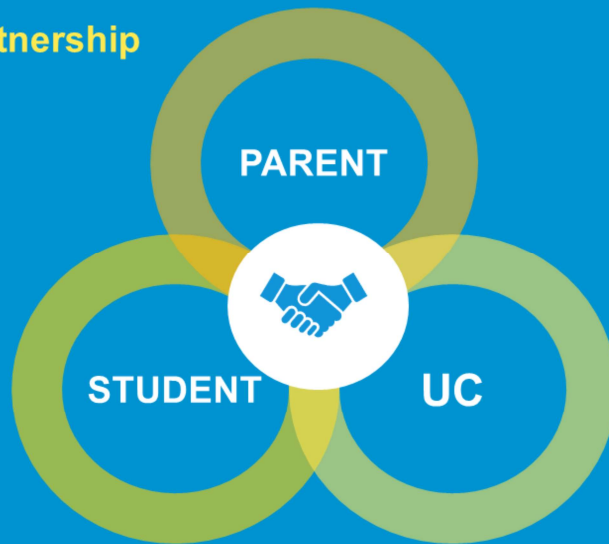
### Today's Session

- 01 Review of UC's financial aid philosophy
- 02 The future of UC financial aid
- 03 FAFSA simplification: better FAFSA better future
- 04 Financial aid related resources



**UC Financial aid philosophy**

## Financing partnership

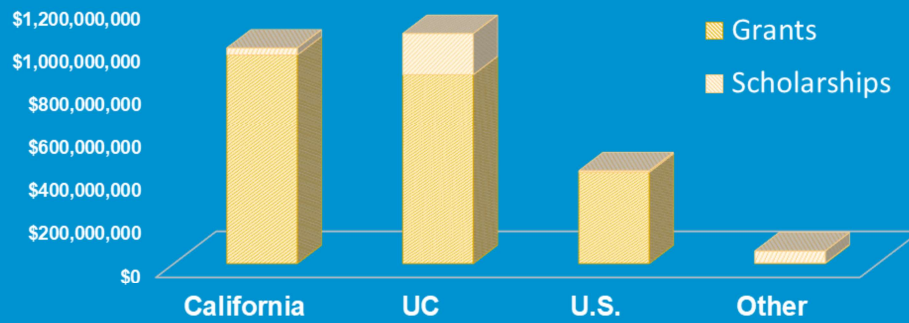


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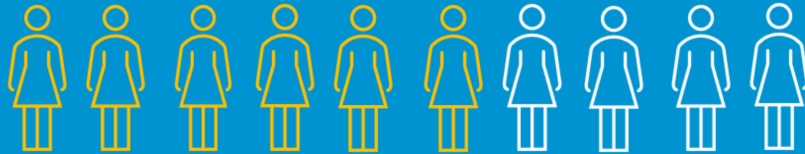
## Big results for California students

# \$2.5B in grants and scholarships



Results

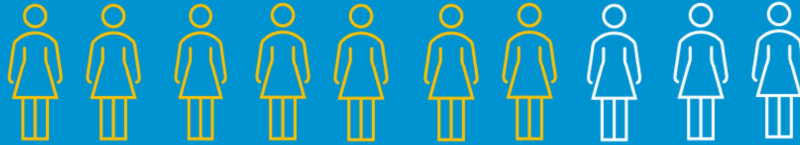
Over **55%** of CA



undergrads pay no tuition because of grants & scholarship aid

**Results**

Over **70%** of CA



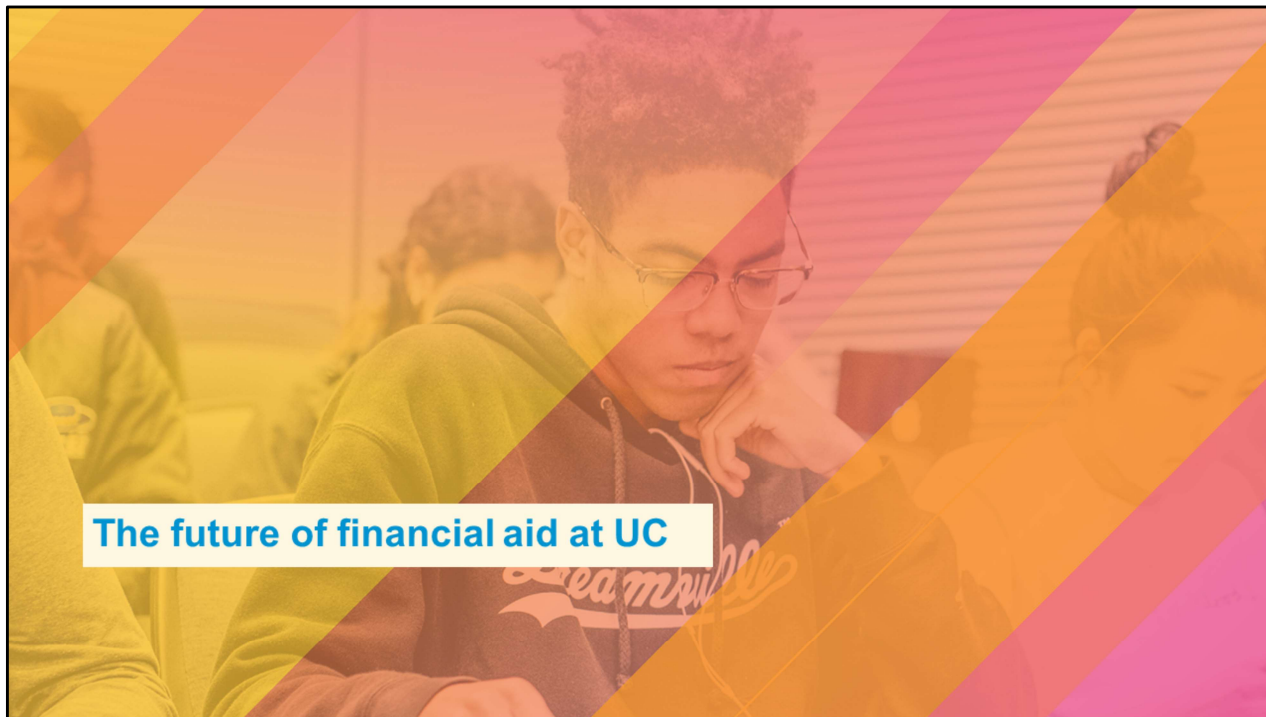
**undergrads receive grants and scholarships (Average award of \$18,000)**

Results

nearly **55%** of CA



undergrads graduate with no student loan debt



**The future of financial aid at UC**

The future is bright!

## Two noteworthy UC aid programs

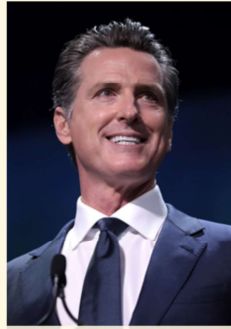
Path to Debt-Free UC

Native American  
Opportunity Plan

## Path to Debt-Free UC



**Michael V. Drake M.D.**  
UC President



**Gavin Newsom**  
California Governor



**California Legislature**  
State Assembly &  
Senate

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President Drake has established a landmark systemwide goal to provide a debt-free path to a degree for California students attending UC, wherein undergraduates students' will be able to cover their portion of their educational costs through service learning or students work-learning opportunities.

Furthermore, Governor Newsom has made providing a debt-free pathway a goal for the University to achieve for all California undergraduates by 2030.

The Legislature is also on board with a path to debt-free through the Middle Class Scholarship Program. In 2022-23, MCS was greatly expanded to provide just over a quarter of what the State needs to make CSU and UC debt-free. But that's not stopping UC from moving forward. President Drake approved a debt-free program for new California students in 2022-23 as a "down payment" on the promise of a debt-free UC. The 2022-23 year saw the initial phase of this program which offered augmented financial aid packages to low-income entering California undergraduates from Local Control Funding Formula schools. For the 2023-24 year, the program has been expanded to all entering California undergraduates with a \$0 EFC.

## What is the Path to Debt-Free UC?

California definition:

Student contribution of \$7,900

Student would work part-time

(20 hours or less per week)

- Work-study
- Service learning
- On or Off-campus work



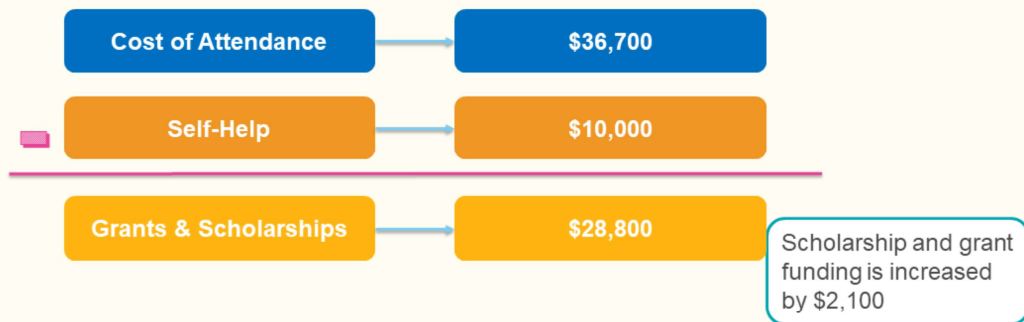
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The state has defined debt-free as the student having the ability through part-time work accumulate net earnings of \$7,900. Part-time work is less than 20 hours per week and students have the option of securing work through work-study, service learning opportunities, or on or off-campus employment.



## Path to Debt-Free UC: financial aid

### UC Financial aid



Prior to the implementation of this program, The financial aid office would evaluate the cost of attendance, the EFC, and an average self-help of \$10,000 to determine the amount of grant and scholarship aid to offer to a students.

In this example the cost of attendance is \$36,700.  
The self-help is the average \$10,000  
So UC would offer \$26,700 in grant and scholarship

Now with debt free, the grant and scholarship offer will be increased by \$2,100

## Path to Debt-Free UC: financial aid

### UC Financial aid



Which will reduce the self help from \$10,000 to \$7,900 or the amount that the state has defined as the amount a student can earn working part-time.

## Path to Debt-Free UC: Student earning example

Students works 36 weeks  
of the calendar year  
 $\$7,900 / 36 \text{ weeks} = \$219.44$

California minimum wage:  
\$15.50 per hour

16 (hours per week)  
 $\times \$15.50$  (per hour)  
\$248.00 gross (\$226.79 net)



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So how will these students earn the amount needed to follow the debt free path?

Let's say they work all 20 weeks of the academic year. If you take the \$7,900 that they need to net and divide it by 36 weeks, that comes to \$219.44 per week that they need to bring home.

California's minimum wage is \$15.50 per hour as of January 1, 2023.

Working 16 hours per week at \$15.50 per hour a student would earn \$2480.00 per week, which nets to about \$227 after taxes. Slightly higher than what is needed.

Of course their earnings can also be supplemented by programs like CALKids or other savings or outside scholarships

## Path to Debt-Free UC: communications to students

Eligible students...

- May still see loans in their financial aid offer and will retain the right to borrow
- Will receive communications informing them of that they have been selected for the Path to Debt-Free program along with their augmented aid offer

## Path to Debt-Free UC: CalKIDS

CalKIDS provides low-income California public school children with up to **\$1500** for college

CalKIDS gives your child a real chance for a brighter future.

With free money for college!

CalKIDS is a new program from the State of California that provides up to \$1,500 in free money for college to eligible public school students. CalKIDS can help families boost their children's college savings and increase access to higher education.



To learn more and to find out if your child qualifies, visit [CalKIDS.org](http://CalKIDS.org) today!



**CalKIDS**  
The first step toward college

The California Kids Investment and Development Savings Program (CalKIDS) is a children's savings account program, administered by the ScholarShare Investment Board, an agency of the state of California. CalKIDS will provide children born in California with college savings accounts, including seed deposits and other potential incentives, to help pay for future qualified higher education expenses. To learn more about CalKIDS or opt out of the program entirely, please see the Program Terms and Conditions at [CalKIDS.org](http://CalKIDS.org). CalKIDS participants may also establish individual accounts with ScholarShare 529, California's 529 College Savings Plan. To learn more about California's KnowledgeShare 529 College Savings Plan, its investment objectives, tax benefits, risks, and costs, please see the Plan Description at [ScholarShare529.com](http://ScholarShare529.com). Read it carefully. Check with your home state to learn if it offers tax or other benefits such as financial aid, scholarship funds or protection from creditors for investments in its own 529 plan. Consult your legal or tax professional for tax advice. Investments in the Plan are neither insured nor guaranteed and there is the risk of investment loss. If the funds aren't used for qualified higher education expenses, a federal 10% penalty tax on earnings (as well as federal and state income taxes) may apply. Non-qualified withdrawals may also be subject to an additional 2.5% California tax on earnings. TIAA-CREF Tuition Financing, Inc. (TFI), Plan Manager; TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributor and underwriter for California's ScholarShare 529 2204272

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**CalKIDS** is a program that helps children in California get access to higher education, especially those from traditionally underserved communities. Enrollment in CalKIDS is automatic. Eligible beneficiaries are identified by the California Department of Public Health and the California Department of Education. **No action or financial commitment is required of families to participate.**

## Path to Debt-Free UC: CalKIDS

### Current school-aged student eligibility:

- Low-income California public school students
- Enrolled in 1<sup>st</sup>-12<sup>th</sup> grades during the 2021-2022 academic year
- Low-income first graders during the 2022-23 and subsequent academic years

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## Path to Debt-Free UC: CalKIDS

Eligible low-income public-school students receive a:

- \$500 auto deposit in a CalKIDS Account
- \$500 additional deposit for eligible students who are foster youth
- \$500 additional deposit for students who identify as homeless



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## Native American Opportunity Plan (NAOP)

UC's Native American Opportunity Plan (NAOP) ensures that in-state systemwide Tuition and Student Services Fees are fully covered for California students who are also enrolled in federally recognized Native American, American Indian, and Alaska Native tribes.





## Native American Opportunity Plan

### Requirements

- Enrolled in a federally recognized Native American, American Indian, or Alaskan Native tribe
- Meet UC's California residence for tuition purposes or AB540 requirements
- UC undergraduate or graduate student enrolled in a state-supported degree program
- Apply for financial aid by submitting the FAFSA or California Dream Act application by the March 2 priority deadline

Students not in federally recognized tribes could apply through the other.



**FAFSA simplification: better FAFSA better future**

## What is the FAFSA Simplification Act?

### Background:

- The Consolidated Appropriations Act 2021 & 2022 amended HEA of 1965 and FAFSA
- The Department of Education phased implementation began during 2021-22
- The 2024-25 award year will see the full implementation



## What we know

- 2024-25 application opening Dec 2023
- SAI Replaces EFC
- Changes in Need Analysis
- Expanded access to Pell Grants
- A streamlined application process

The screenshot shows the Federal Student Aid (FAFSA) website homepage. At the top, it says "FederalStudentAid" and "FAFSA". Below that, there's a main heading "Get Money to Pay for School" with a sub-heading "Use the Free Application for Federal Student Aid (FAFSA) form to apply for financial aid for college or graduate school." There are two buttons: "Start a New Form" and "Edit Existing Form". Below that, it says "2024-25 FAFSA Form" and "Need to access last year's form? Start or Edit a 2023-24 Form". There's a section for "Check FAFSA Deadlines for the State You Live In" with dropdown menus for "School Year" and "State of Residence", and a "Find Deadlines" button. At the bottom, there are three informational boxes: "Who Should Complete This?", "How Long Will it Take?", and "What Do I Need?".

## What students and parents need to know

- **2024-25 Application Cycle:**  
Dec 2023-March 2, 2024



## What students and parents need to know

- **2024-25 Application Cycle:**  
Dec 2023-March 2, 2024
- **Contributors:** The Student and Parent(s)

The screenshot shows the FAFSA 2024-25 interface for a student named Raya Tran. The page is titled 'Understanding the FAFSA Form' and is the second of four steps. The main heading is 'Contributors to the FAFSA Form'. There are two main sections: 'Parents or Spouses' and 'How to Invite'. The 'Parents or Spouses' section explains that the student's answers will determine if contributors need to be identified. The 'How to Invite' section explains that contributors need to log in with their own FSA ID. Below these sections is a box titled 'Information or Documents You May Need' which lists: Tax returns, Records of child support received, Current balances of cash, savings, and checking accounts, and Net worth of investments, businesses, and farms. At the bottom are 'Previous' and 'Continue' buttons.

## What students and parents need to know

- **2024-25 Application Cycle:**  
Dec 2023-March 2, 2024
- **Contributors:** The Student and Parent(s)
- **FSA ID:** All Contributors will need to have an FSA ID

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FAFSA  
BETTER FUTURE

### Key Change – FSA ID Requirement

All students and contributors must create a StudentAid.gov account to complete the FAFSA\* form online.

To log in to their accounts, students and contributors will use their FSA IDs (account username and password).

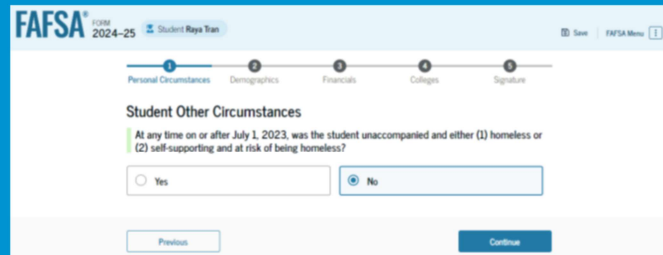
Even if a contributor doesn't have a Social Security number, they can still get an FSA ID to fill out their portion of the student's FAFSA form online.

**NOTE:** A student must be a U.S. citizen or eligible noncitizen to be eligible for federal student aid.



## What students and parents need to know

- **2024-25 Application Cycle:**  
Dec 2023-March 2, 2024
- **Contributors:** The Student and Parent(s)
- **FSA ID:** All Contributors will need to have an FSA ID
- **Professional Judgments Guidance Updated:** Reflects UC's current practices



The screenshot shows the FAFSA 2024-25 Student Reply Tran application form. The form is titled "FAFSA 2024-25 Student Reply Tran" and includes a "Save" button and a "FAFSA Menu" link. The form is divided into five sections: Personal Circumstances, Demographics, Financials, Colleges, and Signature. The current section is "Student Other Circumstances", which asks: "At any time on or after July 1, 2023, was the student unaccompanied and either (1) homeless or (2) self-supporting and at risk of being homeless?". There are two radio button options: "Yes" and "No". The "No" option is selected. There are "Previous" and "Continue" buttons at the bottom of the form.



**What are we still waiting for?**

**Application Opening Date: TBD (will open in December 2023)**

Federal Student Aid

A better FAFSA<sup>®</sup> process means a better future for everyone.

**AWARD YEAR 2024-2025**

Full implementation is right around the corner.

**40** years since the last major changes to FAFSA<sup>®</sup>

Congress passed the FUTURE Act and FAFSA<sup>®</sup> Simplification Act, making it easier to apply for federal student aid ensuring more people can qualify.

Connecting more people with more funds.

Streamlining application questions.

Developing a better user experience.

**930,000** additional Post-Grant award recipients (estimated).

Connecting over 7 million students with more than \$114 billion in aid.

Knowledge Center

Training Center

Financial Aid Toolkit

FSA Partner Emails

Customer Service Center

The support you need and deserve. Now and in the future.

**BETTER FAFSA**  
BETTER FUTURE

financetoolkit.ed.gov/btrf

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The Department of Education (DOE) has not provided the specific date for when the application will open

# What are we still waiting for?

## Financial Aid Estimator and Preview Tools

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**BETTER FAFSA BETTER FUTURE**

financetoolkit.ed.gov/btrf

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Demos of the new FAFSA are scheduled this summer

**What are we still waiting for?**

**2024-25 FAFSA Outreach Campaign**

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The DOE is developing an outreach campaign to be delivered this summer.

## What are we still waiting for?

### Policy Guidance

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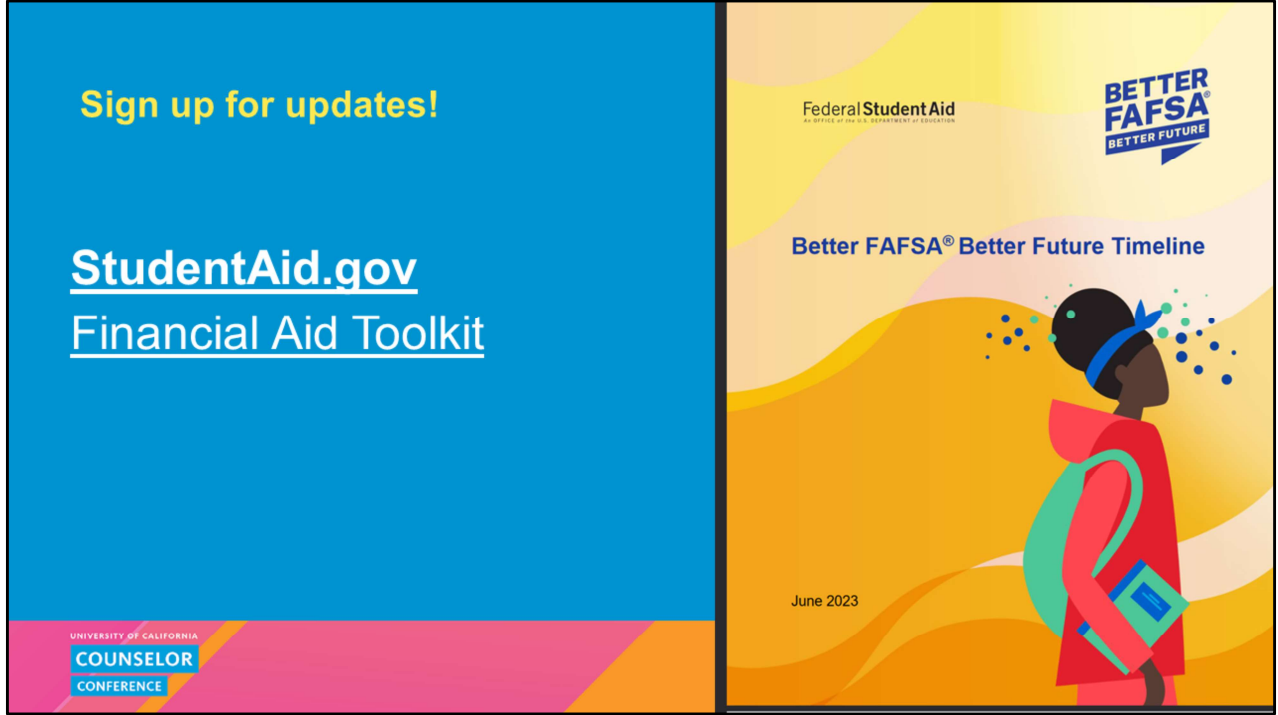
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**BETTER FAFSA**  
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Official guidance will be released through fall 2023



<http://www.studentaid.gov/>  
Financial Aid Toolkit: <https://financialaidtoolkit.ed.gov/tk/announcement-detail.jsp?id=better-fafsa-better-future>



**UC resources**

## Resources

### *UC Tuition and Financial Aid*

<https://admission.universityofcalifornia.edu/tuition-financial-aid/tuition-cost-of-attendance/tuition-stability-plan.html>

### *UC Financial Aid Videos*

<https://www.youtube.com/watch?v=1MWsGbilfdE&list=PLwLOJPr9mVI3HbkycPjbvRNtH4vgreSzG>

### *UC Info Center*

<https://www.universityofcalifornia.edu/about-us/information-center>

The UC Tuition and Financial Aid page is geared towards perspective students and their families. It is the hub for information regarding our systemwide financial aid programs with tips for completing the financial aid application process. It also links to campus financial aid sites and tools.

We have also produced a series of short yet helpful videos on an array of financial aid topics, such as the cost to attend UC, how to read a financial aid award letter, and ways of saving cost while in school.

The UC Info Center is way to explore the UC story through data. It's home to the UC Accountability Report which has information on UC undergraduate admissions and enrollment, undergraduate affordability and student success.

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**Thank you!**