

# Hanging in the Balance

The Future of Financial Aid

September 2025

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“As we take on the challenges that lie ahead we will recommit to the values that made UC so successful.”

– UC President James B. Miliken

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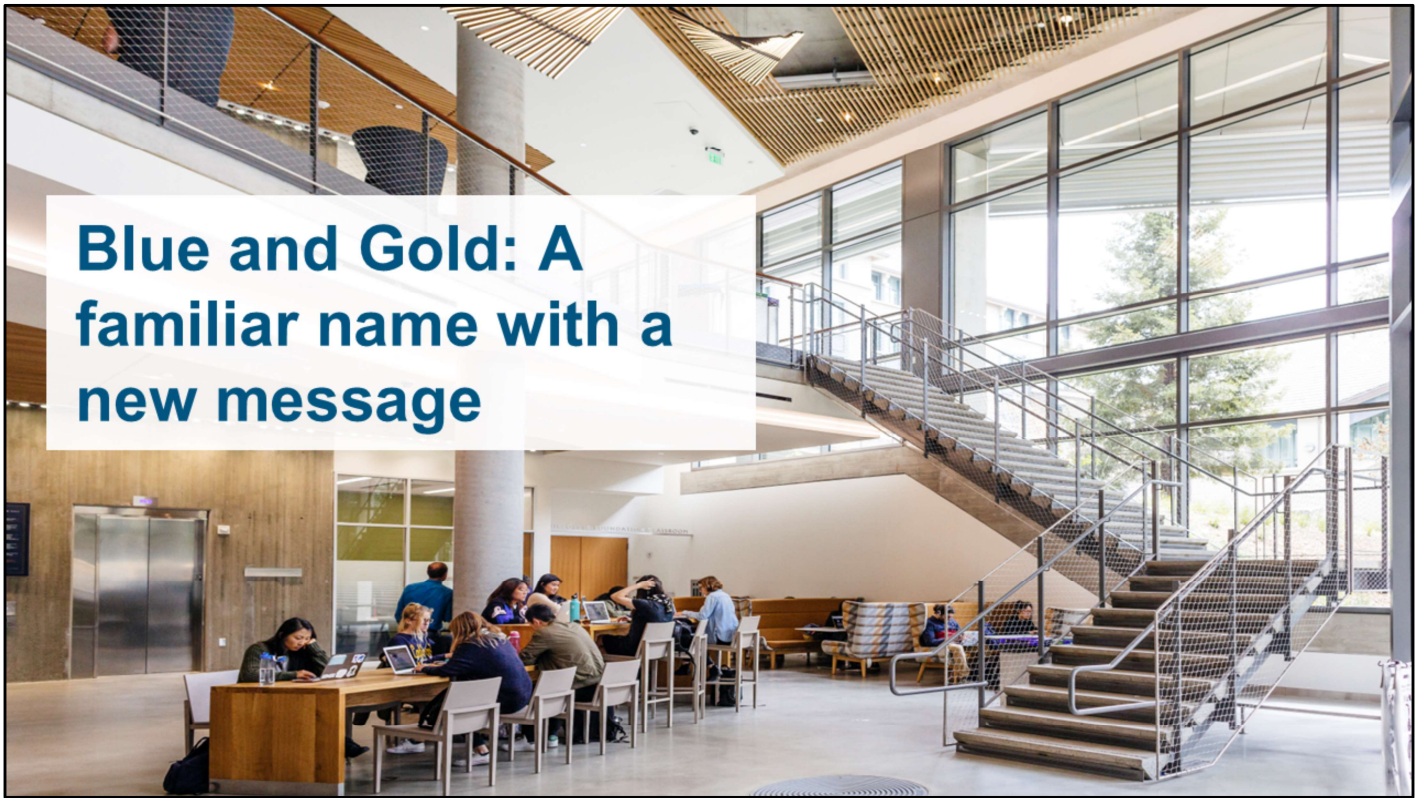
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I'd like to start by ensuring you all that in this era of uncertainty, the University of California reaffirms its commitment to its core values, particularly its dedication to ensuring access to higher education for all students. Drawing on the principle that has been fundamental to our success—providing opportunity to a diverse range of individuals—the UC system remains resolute in its mission to serve as an engine of social mobility. The university pledges to navigate the current landscape by continuing to ensure that qualified California students have a pathway to a world-class education, regardless of their background or circumstance. This unwavering focus on accessibility is a direct reflection of the values that have defined the UC system, and it is the key to confronting the challenges of today and building a more equitable future.

# Agenda

- Blue and Gold: A familiar name with a new message
- Federal financial aid update
- Satisfactory academic progress (SAP) – time to degree
- Resources
- Questions



## Blue and Gold: A familiar name with a new message

In partnership with the State of California, the UC continues its legacy of providing one of the nation's most generous and impactful financial aid programs. For years, the **Blue and Gold Opportunity Plan** has been a beacon of this commitment, but its name didn't fully capture the breadth of our efforts to lead in making higher education accessible.

To build on this powerful legacy, we are evolving the brand. We will now use **Blue and Gold** as an umbrella term for all our financial aid initiatives. This new branding honors the recognition the name has already earned while allowing us to describe the full scope of UC's commitment to ensuring all California students can pursue their educational dreams.



# Blue and Gold: A familiar name with a new message

Blue and Gold is how we award all types of financial aid at UC and is our strategy to make a UC education accessible and affordable for California students:

## TUITION COVERAGE

**Most** California families that earn up to \$100,000 pay \$0 in UC tuition

## MINIMIZED DEBT

**Many** California students graduate debt free with the help of financial aid and part-time work

## TUITION PREDICTABILITY

**All** students benefit from UC tuition policy



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**Blue and Gold** rests on three core pillars that underscore our commitment to affordability:

1. Most California students from families that earn up to \$100,000 pay no tuition to attend UC.
2. And many California students graduate debt free with the help of financial aid and part-time work.
3. Lastly, all students benefit from UC's tuition policy which sets tuition at the time they first enroll and locks it in for up to 6 years. This provides families with some predictability when it comes to costs.

<https://admission.universityofcalifornia.edu/tuition-financial-aid/types-of-aid/blue-and-gold-opportunity-plan.html>

# Blue and Gold: A familiar name with a new message

What about families that earn over \$100,000?

## CALIFORNIA'S MIDDLE-CLASS SCHOLARSHIP

- California resident or AB540
- Eligible to complete the FAFSA or CA Dream Act Application
- CSU, CCC bachelor's degree program, or UC
- Income/Assets up to \$234,000 (2024-25)
- Must be eligible for financial aid
- Award amounts vary



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Even for California families earning more than \$100,000, there are still financial aid options. The California Middle-Class Scholarship provides funding to families with incomes up to \$234,000.

The scholarship amount is not fixed and is determined by a formula that accounts for the student's total cost of attendance. From this cost, all other financial aid is subtracted, including federal, state, and institutional grants. The formula also factors in a student's expected "self-help" contribution and, for dependent students, a parental contribution based on income. The final award amount can vary significantly and is contingent on the state's annual budget allocation.

<https://www.csac.ca.gov/middle-class-scholarship>

## Blue and Gold: A familiar name with a new message

### RESULTS:



61% of CA undergrad transfers pay no tuition



72% of CA undergrad transfers receive grants & scholarships



61% of CA undergrad transfers graduate with no student loan debt

The average amount of grants and scholarships awarded to eligible CA students last year was \$24,000.

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UC's financial aid programs yield significant results for California transfers students.

- **61%** of California undergraduates pay no UC tuition thanks to the financial aid they receive.
- **72%** of students receive grants and scholarships, and with an average of offer of **\$24,000** many students receive funds to assist with education costs beyond just tuition.
- **61%** of students complete their undergraduate degree without needing to borrow student loans.

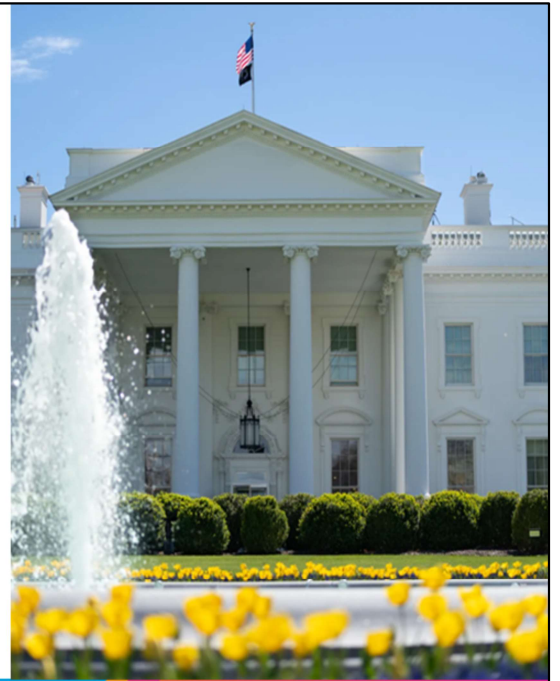


- Now for the one you've all been waiting for: federal financial aid. As you know, there have been some significant changes.

# Federal financial aid update

## The OBBB ACT

- ✓ Signed into law: July 4, 2025
- ✓ Senate version prevails (less damaging to federal financial aid)



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The 'One Big Beautiful Bill' was signed into law by the President on July 4, 2025. Fortunately, the final version of the new law more closely resembles the Senate's version of the bill, which, while still impactful, was less damaging to financial aid programs than the House's initial proposal.

# Federal financial aid update

## Pell Grants (effective July 1, 2026)

- ✓ Cuts to students receiving enough aid to cover the full cost of attendance
- ✓ Less than 100 UC students
- ✓ About \$110,000 in lost Pell Grants



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Let's look closer at the Pell Grant changes. Fortunately, the most severe cuts proposed in the House version did not make it into the final bill. The cuts are now limited to Pell Grant recipients whose entire cost of attendance is already fully covered by other gift aid. At UC, we estimate this impacts approximately less than 80 students, potentially leading to a collective loss of about \$110,000 for those students. This group could include students on full-ride athletic scholarships or other substantial merit-based awards that completely offset their need to work or borrow



# Federal financial aid update

## Undergrad student loans (beginning the 2026-27 award year)

- ✓ Prorated based on enrollment
- ✓ Most UC students not impacted
- ✓ Impacted part-time students (students with accommodations or those close to graduation)



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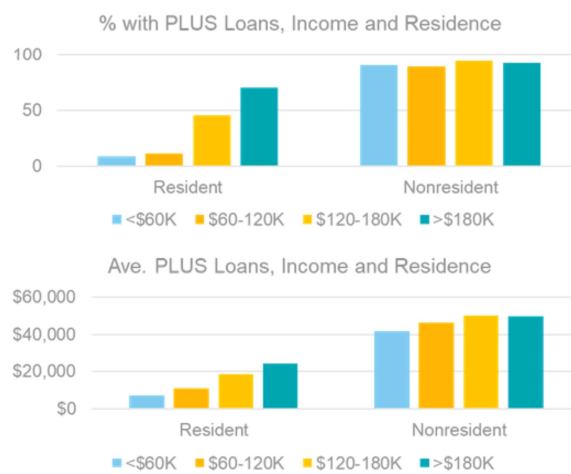
For undergraduate student loans, the only significant change is that students enrolled part-time will now have their federal Direct Loan eligibility pro-rated based on their enrollment level. This is less of a concern for UC students compared to many other institutions, as the vast majority of our undergraduates attend full-time. However, this change could pose burdens on students enrolled part-time due to accommodations or those nearing graduation who might reduce their course load."



# Federal financial aid update

## Parent PLUS Loans (Effective July 1, 2026)

- ✓ An annual limit of \$20,000 per dependent student
- ✓ Cumulative limit of \$65,000 per student
- ✓ At UC, only 6% have PLUS, but those who borrow rely heavily on the program
- ✓ Nonresidents and high-income borrow the most



A significant change impacts the federal Parent PLUS loan program, which many families rely on to help finance their children's education. The new law caps how much parents of dependent students can borrow:

- An annual limit of **\$20,000 per year per dependent student.**
- A cumulative limit of **\$65,000 per student.**

While only about 6 percent of UC undergraduates in any given year have parents who borrow through Parent PLUS, those who do often rely heavily on the program. Nearly half of these borrowers currently exceed the new \$20,000 annual threshold. This could leave parents looking for alternative loan options or other financing means for nearly \$50 million in borrowing, although it is unclear how much of that borrowing is out of necessity versus convenience. It's worth noting that many of the largest Parent PLUS loans are taken out by upper-income and out-of-state families. Furthermore, approximately 30 percent of UC students have parents with more than \$65,000 in accumulated PLUS loan debt upon graduation, indicating a substantial impact from the cumulative cap."

# Federal financial aid update

## UC is working to identify:

- ✓ Ways to mitigate impacts
- ✓ Current UC financial aid program vulnerabilities
- ✓ Impacts on other federal aid programs
- ✓ Impacts on special student population



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We are currently conducting a deeper analysis of the possible student and parent loan needs that will arise from these changes. This analysis will inform the steps we can take to provide alternatives for families that need them. Unfortunately, there is very little that UC can do to directly make up for cuts to the federal Pell Grant program, as these are federal appropriations.

We are also looking at currently UC financial aid program vulnerabilities. For example, a combination of programs assist UC students to graduate debt free or with less debt and those programs rely on federal and state grant aid. In the long-term, we have concerns about our ability to fully meet the goals under the UC Compact, especially if Pell Grants face significant cuts in future years, as proposed in the President's budget."

Another area we are looking at is the Parent PLUS loan program changes. The caps on borrowing appear to impact non-resident students more than California residents. Whether this has any impact on enrollment decisions remains to be seen, but since most of the large borrowing is done by high-income families, it may be more a matter of convenience than affordability for them.

The President's budget for next year proposes drastic reductions to Pell Grants, Work-Study, and other financial aid and campus support programs. The proposed reductions to Pell Grants for needy UC students alone would be substantial, estimated at \$123 million, which would increase their self-help by about \$1,200 per student. This highlights a broader trend of federal funding challenges.

We are also running analysis for impacts on special student populations. As one example, Undocumented students are ineligible for federal financial aid, so they are not directly impacted by the changes to federal financial aid outlined in this bill. However, the administration's broader posture towards undocumented individuals has led some of our students from mixed-status families to opt out of filing for federal financial aid. In other words, some U.S. citizen students with an undocumented spouse or parent are choosing to file a California Dream Act Application instead of the FAFSA. Right now, these numbers are relatively small, but it's a trend we are monitoring.

## Financial aid time to degree requirements



Just like the community colleges that administer Title IV aid programs, UC also must adhere to federal financial aid

# Satisfactory academic progress (SAP) – time to degree



## What is SAP?

Federal regulations require students to make Satisfactory Academic Progress (SAP) to remain eligible for federal financial aid (including Pell Grants, Direct Loans, etc.). SAP is a set of standards that schools must establish and apply consistently to all students, regardless of whether they are currently receiving aid.

The goal is to ensure students are progressing adequately towards completing their degree or certificate within a reasonable period.

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In order for schools to participate in Federal financial aid programs we must agree to follow Title IV regulations. These regulations require students to make Satisfactory Academic Progress (SAP) to remain eligible for federal financial aid (including Pell Grants, Direct Loans, etc.). SAP is a set of standards that schools must establish and apply consistently to all students, regardless of whether they are currently receiving aid.

The goal is to ensure students are progressing adequately towards completing their degree or certificate within a reasonable period.



# Satisfactory academic progress (SAP) – time to degree



## The three evaluation measures of SAP

- ✓ Qualitative
- ✓ Quantitative
- ✓ Maximum Time Frame/Time to Degree

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There are three standards a student must meet to successfully make academic progress for the purposes of financial aid:

**1. Qualitative Standard (GPA):**

- Students must maintain a minimum cumulative Grade Point Average (GPA) as defined by the institution and federal guidelines.
- For undergraduates, this often means a 2.0 GPA by the end of the academic year.
- For graduate students, a 3.0 GPA is common.

**2. Quantitative Standard (Pace of Completion):**

- This measures how quickly a student is earning credits relative to the credits they have attempted.
- **Calculation:**  $(\text{Cumulative Earned Credits}) / (\text{Cumulative Attempted Credits})$
- **Requirement:** Most schools require students to complete at least **67%** of their attempted credits.
- **Example:** If a student attempts 30 credits, they must successfully complete at least 20 credits ( $30 \times 0.67 \approx 20.1$ ).

**3. Maximum Time Frame (Quantitative Limit):**

- This is the total period a student is allowed to receive federal financial aid for their program.
- **The 150% Rule:** Students cannot receive federal financial aid for more than 150% of the published length of their academic program.
  - Measured in **attempted credit hours**.
  - **Undergraduate Example:** A bachelor's degree requiring 120 credits has a maximum timeframe of 180 attempted credits ( $120 \times 1.50 = 180$ ).
  - **Associate Degree Example:** A 60-credit associate degree has a maximum timeframe of 90 attempted credits ( $60 \times 1.50 = 90$ ).
- **Crucial Point:** If at any time it's determined that a student cannot mathematically complete their degree within this 150% limit (considering credits already attempted and credits still needed), they may lose federal aid eligibility.

# Satisfactory academic progress (SAP) – time to degree



## The impact of transfer credits

- ✓ Count as attempted credits
- ✓ Accelerate a pathway to the 150% limit

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- **Transfer Credits *Count as Attempted Credits*:** At most UC Campuses for SAP purposes, these credits are generally counted towards the student's total attempted credits from the very beginning of their enrollment, even if the student has not yet enrolled in any courses at your institution.
- **Accelerated Pathway to the 150% Limit:**
  - A student with a large number of incoming transfer credits effectively starts their "time to degree" clock much earlier.
  - They have fewer remaining credits to earn *at your institution* before hitting the 150% maximum attempted credit limit.
  - This can create a paradox: a highly prepared student, academically ahead, could exhaust their financial aid eligibility *sooner* if they don't complete their degree the allotted timeframe.

# Satisfactory academic progress (SAP) – time to degree

Student A – Bachelor's Degree -  
120 Credit Program

180  
Credit  
Buffer

**Student A:  
No Transfer  
Credits**

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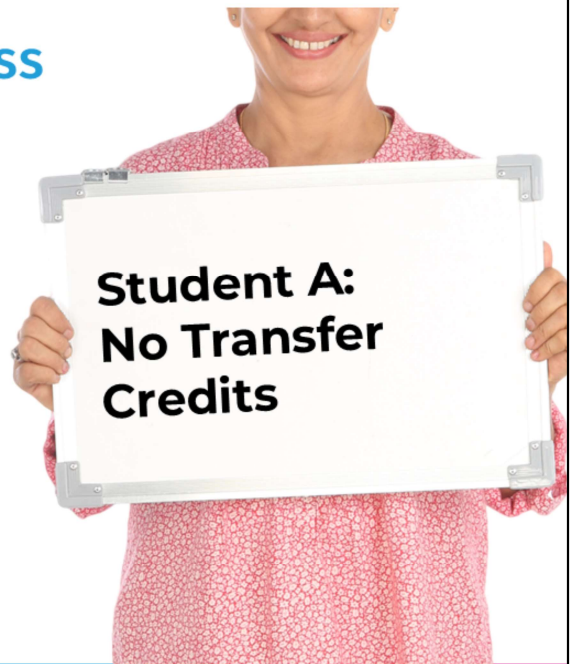
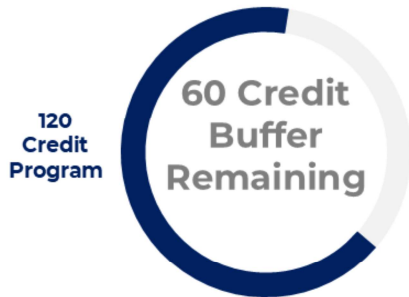
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- **Student A is freshman admit (No Transfer Credits):**
  - Starts with 0 attempted credits.
  - Has 180 credits "buffer" before hitting the limit.



# Satisfactory academic progress (SAP) – time to degree

Student A – Bachelor's Degree -  
120 Credit Program



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- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.

# Satisfactory academic progress (SAP) – time to degree

Student B – Bachelor's Degree -  
120 Credit Program

**180  
Credit  
Buffer**

**Student B:**

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- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.

# Satisfactory academic progress (SAP) – time to degree

Student B – Bachelor's Degree -  
120 Credit Program

60  
Transfer  
Credits



**Student B:  
60 Transfer  
Credits**

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- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.

# Satisfactory academic progress (SAP) – time to degree

Student B – Bachelor's Degree -  
120 Credit Program

60  
Transfer  
Credits



120  
attempted to  
complete  
degree

**Student B:  
60 Transfer  
Credits**

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- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.

## Satisfactory academic progress (SAP) – time to degree

Three ways students attempt  
excess credits

- ✓ Changing majors
- ✓ Taking non-degree applicable courses
- ✓ Withdrawing from classes



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- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.

## Satisfactory academic progress (SAP) – time to degree

What happens when SAP is not met?

### FINANCIAL AID WARNING:

- ✓ First time student fails to meet SAP
- ✓ Student can still receive aid
- ✓ Students are expected to correct their academic deficiencies during the warning period



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- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.

## Satisfactory academic progress (SAP) – time to degree

What happens when SAP is not met?

### FINANCIAL AID

#### DISQUALIFICATION:

- ✓ Do not meet SAP after warning period or immediately if completing the degree with max timeframe is impossible
- ✓ No longer eligible for aid



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- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.



## Satisfactory academic progress (SAP) – time to degree

### Financia Aid Appeals

#### Common appeal grounds:

- ✓ Death of a relative
- ✓ Serious injury or illness of the student
- ✓ Other special circumstances

#### Required documentation:

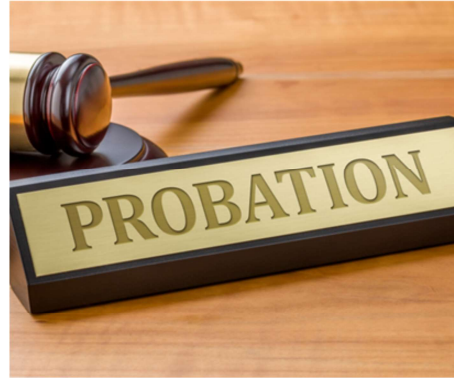
- ✓ Written statement
- ✓ Supporting documentation
- ✓ An academic plan

- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.

## Satisfactory academic progress (SAP) – time to degree

### Financia Aid Probation:

If an appeal is approved, the student is placed on financial aid probation for one payment period and must adhere to the specific terms of the academic plan. If they meet the requirements, their eligibility may be reinstated.



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- Student A can take the attempt 60 units in addition to their required 120 credits to complete the program without time to degree progress violations.

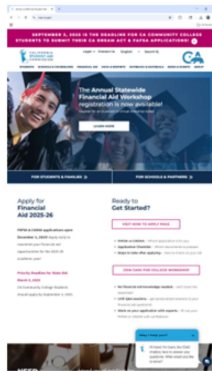


## Resources

studentaid.gov



csac.ca.gov



CalKIDS



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Studentaid.gov is the site that holds all information about federal financial aid. It is also the sight that students will go to encompasses file their FAFSA. <https://studentaid.gov/>

The California Student Aid Commission or CSAC site has all the information pertaining to state funded financial aid programs and this site is linked to the CADAA for those students who are eligible to apply. <https://csac.ca.gov/>

And although CalKIDS has been around for a few years, we don't want to miss the opportunity to remind you all of it again. The CalKIDS program is a powerful initiative designed to give California children a head start on saving for college or career training. It's a key part of the state's mission to make higher education more accessible and to foster a college-going culture from the very beginning of a student's life. <https://calkids.org/>

## Resources

### UC tuition & financial aid site



### UC financial aid calculator

The screenshot shows the "Estimate your aid" section of the UC Financial Aid Calculator. It includes a heading "2025-26 Financial Aid Calculator" and a brief explanation of the tool's purpose. Below this, it lists required documents: Federal income tax returns from two years ago, 2023 W-2 forms, and 2023 FAFSA forms. The interface is at "Step 1" and asks the user to "Please select all that apply:" with four checkboxes: "I am older than 24", "I am married or have children", "I am an orphan, ward of the court, or was in foster care", and "I am homeless or at risk of being homeless". A note at the bottom right says "All fields required".



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For information pertaining to UC financial aid, the UC Tuition & Financial Aid site has been updated with the latest information. This site also includes the latest systemwide financial aid calculator which has been equipped with additional functionality. The tool now provides pell grant and veteran education benefit estimates and is fully functional for California residents, AB540, and nonresident users.

<https://admission.universityofcalifornia.edu/tuition-financial-aid/>

<https://admission.universityofcalifornia.edu/tuition-financial-aid/estimate-your-aid.html>

## Resources

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The UC Admissions and Financial Aid YouTube Channel hosts several financial aid clips that are short and informative.

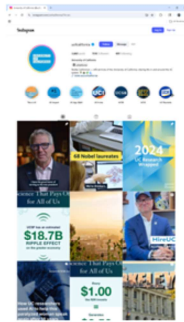
<https://www.youtube.com/playlist?list=PLwL0JPr9mVI3HbkycPjbvRNtH4vgreSzG>



## Resources

### Social media

**Instagram:**  
**@uofcalifornia**



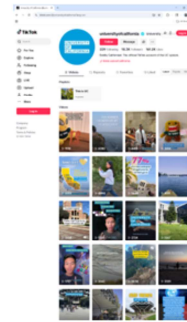
**X:**  
**@UC\_Apply**



**Facebook:**  
**University of California**



**TikTok:**  
**@universityofcalifornia**



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And lastly, be sure to connect with us on Instagram, X, Facebook, and TikTok



# Thank You

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