

Are We Burdening Low Income Students? Work and Loan Expectations

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UC Undergraduate Education Financing Model (EFM)

Full Cost of Attendance

Subtract Student's Expected Family Contribution (EFC)
(as determined by the FAFSA or Dream Act Application)

Subtract Federal and State Grants

Subtract Work and Loan Expectation (Self-Help)

Equals UC Grant Eligibility

Funded primarily through the UC Student Aid Program (USAP)

UC Regents Alternative Approaches to Financial Aid

- In November, 2020, the UC Regents discussed a proposal to reduce the undergraduate work and loan expectation (self-help) for low-income students by \$1,000.
- Self-help varies by campus, with the UC systemwide average at about \$10,000.
- Currently, undergraduates at UC Davis have the same self-help regardless of EFC.

UC Regents Alternative Approaches to Financial Aid

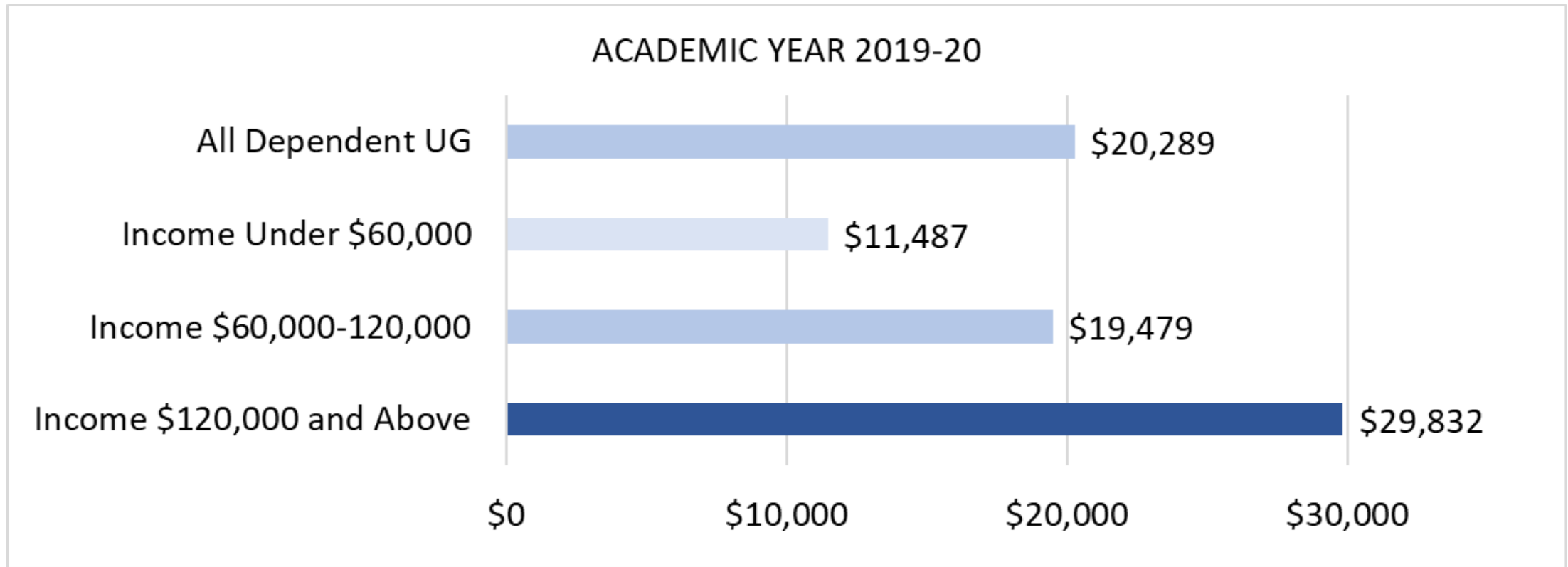
- Populations being considered for the proposal:
 - Dependent students with \$0 Parent Contribution (PC) of EFC plus all independent students
 - All Pell eligible students
- Self-help for other students would remain the same, or in some funding scenarios, increase from \$800 to \$4,550.
- Ultimately, the desire is to create a path to a debt-free UC.

UC Davis Net Cost of Attendance

Net Cost Figures	ACADEMIC YEAR				
	2015-16	2016-17	2017-18	2018-19	2019-20
All Dependent UG	\$21,626	\$21,609	\$20,606	\$19,936	\$20,289
Income Under \$60,000	\$12,016	\$12,318	\$11,646	\$11,173	\$11,487
Income \$60,000-120,000	\$20,836	\$20,286	\$19,586	\$18,839	\$19,479
Income \$120,000 and Above	\$31,362	\$31,536	\$30,776	\$29,945	\$29,832

Note: Net Cost is derived by subtracting grants and scholarships from the cost of attendance, excluding summer. Information from the UC Infocenter website. Figures adjusted to 2019 dollars.

UC Davis Net Cost of Attendance



Students with a family income under \$60,000 pay significantly less than the All Dependent UG net cost, while students with a family income over \$120,000 pay significantly more.

Policy Impact: UC Davis Five Year Average USAP

USAP Academic Year Funding	\$108,255,256
Dependents with \$0 PC & Independents – 46%	\$49,700,010
Students with a Pell Eligible EFC – 68%	\$73,745,327

Additional Costs to Reduce Self-Help by \$1,000

Dependents with \$0 PC & Independents – now 52%	\$6,155,600
Students with a Pell Eligible EFC – now 78%	\$10,450,600

Student Success Initiative: What We Did

- Fall 2019, we gave more grant to reduce the self-help in randomly selected low-income freshmen:
 - Treatment Low = \$2,000
 - Treatment High = \$5,500
- At the time of award selection, all students had a \$0 EFC.
- Awards were randomly assigned by high school to meet funding restrictions, with a focus on very low-to-medium performing schools, especially for any award recipients.

Theory on What Would Happen

- Students in the treatment groups would be able to work less hours.
- Students could hopefully worry less about food insecurities, have less roommates and/or avoid undesirable living conditions.
- Students may rely less on loans, and possibly avoid incurring debt.
- Concern is that students may not be as committed to their education, which could affect retention and graduation rates. While the study has not concluded, the results so far are worth sharing.

Groups More In Depth: Student Success Initiative

- UC Davis Special Transitional Enrichment Program (STEP):
 - STEP participants attend the summer before their admission to acclimate to the campus and build a special connection with their peers
 - Students are provided many academic and social resources in their first two years at UC Davis and establish mentors
- Control: 92 Students (No additional award, any school rating)
- Treatment High: 44 Students (\$5,500, limited school rating)

Groups More In Depth: Student Success Initiative

- To be eligible for STEP, students must:
 - be a first-generation student **and** considered low-income; OR
 - meet either of the first two requirements as well as other social-economic criteria (e.g. single parent home, foster youth, or participation in pre-college programs); OR
 - have participated in one of many pre-matriculation programs

Groups More In Depth: Student Success Initiative

- Non-STEP:
 - Control: 320 Students (No additional award)
 - Treatment Low: 47 Students (\$2,000)
 - Treatment High: 46 Students (\$5,500)

Also students from very low-to-medium performing schools with a high percentage of first-generation students.

Groups More In Depth: Middle Income Comparisons

- Aggie Grant Plan:
 - UC Davis program for middle-income CA residents
 - Income from \$80,000-\$120,000 and assets below \$200,000
 - Covers up to 30% of systemwide tuition and fees
- Middle Class Scholarship (MCS):
 - State award for middle-income CA residents
 - Family income and assets up to \$184,000
 - Covers up to 40% of systemwide tuition and fees

School Rating

Category	SSI Award Amount	# in Cohort	% Low/ Very Low	% Medium	% High/ Very High
Control STEP	\$0	92	12%	10%	74%
Treatment STEP	\$5,500	44	66%	34%	0%
Control	\$0	320	56%	44%	0%
Treatment Low	\$2,000	47	70%	30%	0%
Treatment High	\$5,500	46	57%	43%	0%
Aggie Grant	\$0	414	22%	15%	63%
Middle Class Scholarship	\$0	296	15%	16%	70%

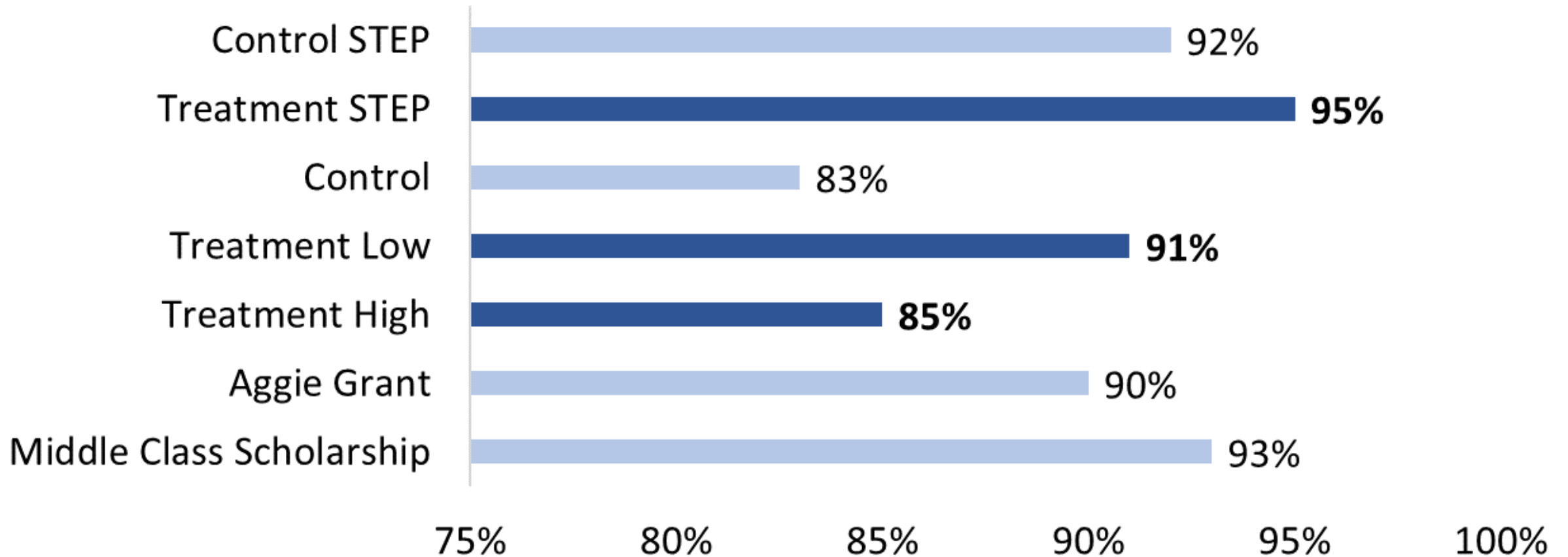
First Generation / Underrepresented Minority Status

Category	SSI Award Amount	# in Cohort	% First-Gen	% URM
Control STEP	\$0	92	91%	65%
Treatment STEP	\$5,500	44	91%	59%
Control	\$0	320	79%	57%
Treatment Low	\$2,000	47	72%	53%
Treatment High	\$5,500	46	85%	61%
Aggie Grant	\$0	414	47%	38%
Middle Class Scholarship	\$0	296	24%	26%

What We Found

- All treatment groups have a higher retention rate than their control groups, with the STEP groups at a higher retention rate than non-STEP groups. It seems that program has made a difference in Fall 2021 enrollment.
- A higher percentage of students in the treatment groups attended summer sessions. We are interested in seeing if this trend continues.
- Students with the \$5,500 award level took on far less debt, both in % and average loan amount. But the \$2,000 award level had a higher % with debt than their control group, although with a lower amount.

Current Fall 2021 Enrollment/Graduation



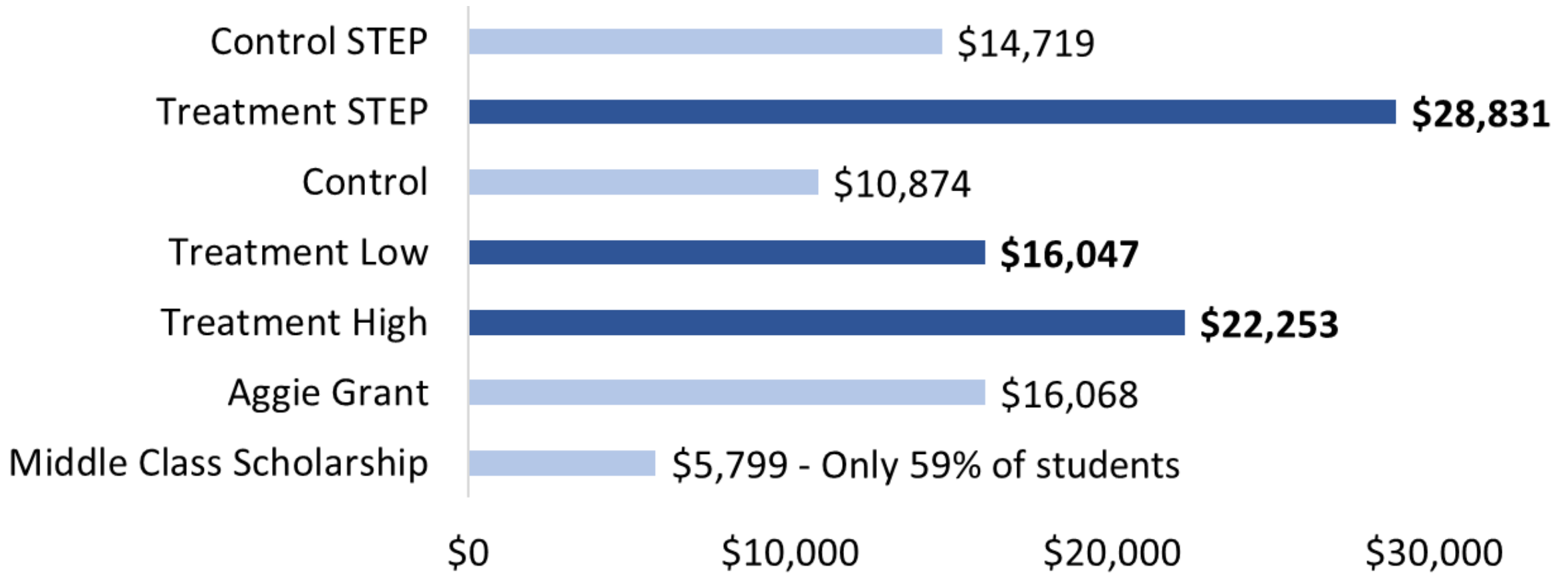
Summer Enrollment

Category	SSI Award Amount	# in Cohort	% Enrolled Summer 2020	% Enrolled Summer 2021
Control STEP	\$0	92	27%	48%
Treatment STEP	\$5,500	44	48%	57%
Control	\$0	320	31%	43%
Treatment Low	\$2,000	47	34%	51%
Treatment High	\$5,500	46	46%	52%
Aggie Grant	\$0	414	29%	40%
Middle Class Scholarship	\$0	296	31%	40%

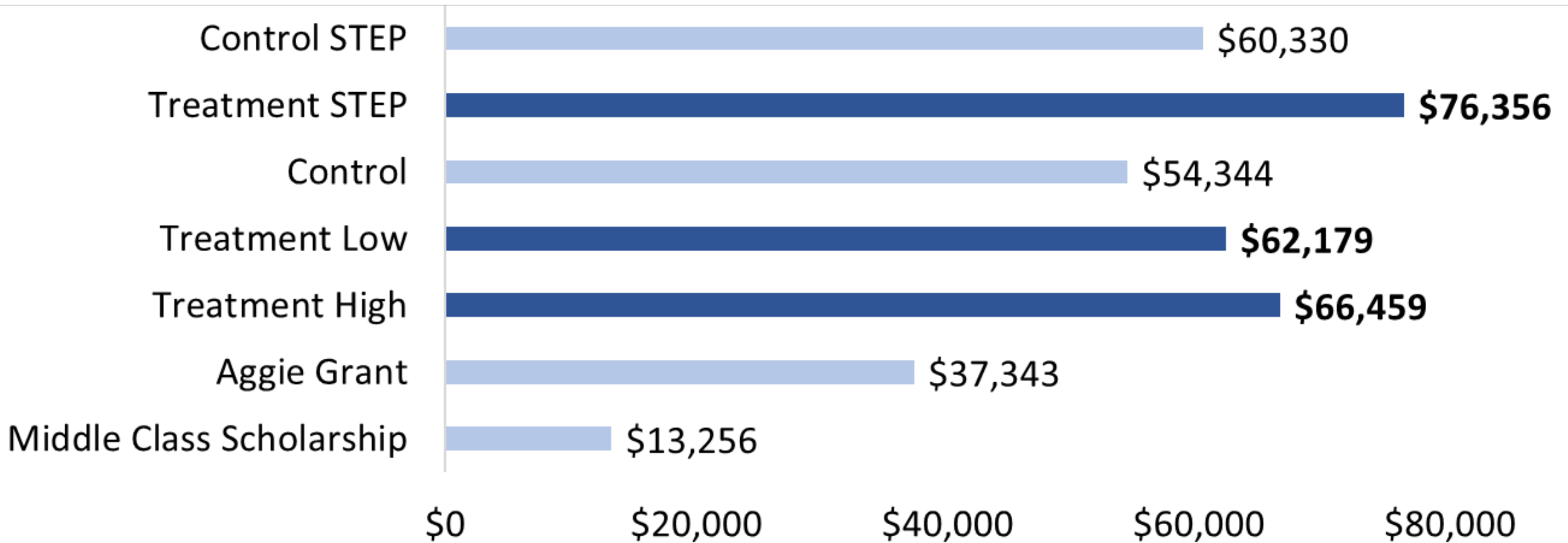
Completed Credits

Category	SSI Award Amount	# in Cohort	Average Completed UCD Units	Average Completed Total Units
Control STEP	\$0	92	92	112
Treatment STEP	\$5,500	44	92	104
Control	\$0	320	89	112
Treatment Low	\$2,000	47	89	113
Treatment High	\$5,500	46	93	113
Aggie Grant	\$0	414	91	121
Middle Class Scholarship	\$0	296	91	126

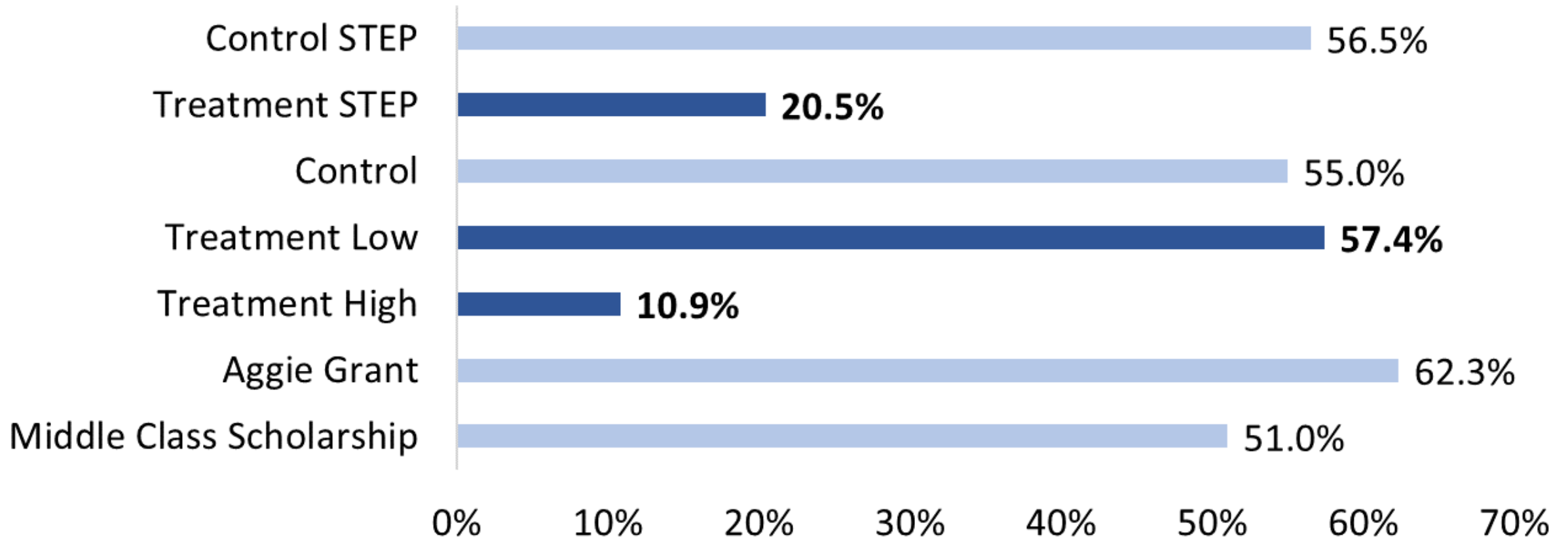
Average Cumulative UC Grant



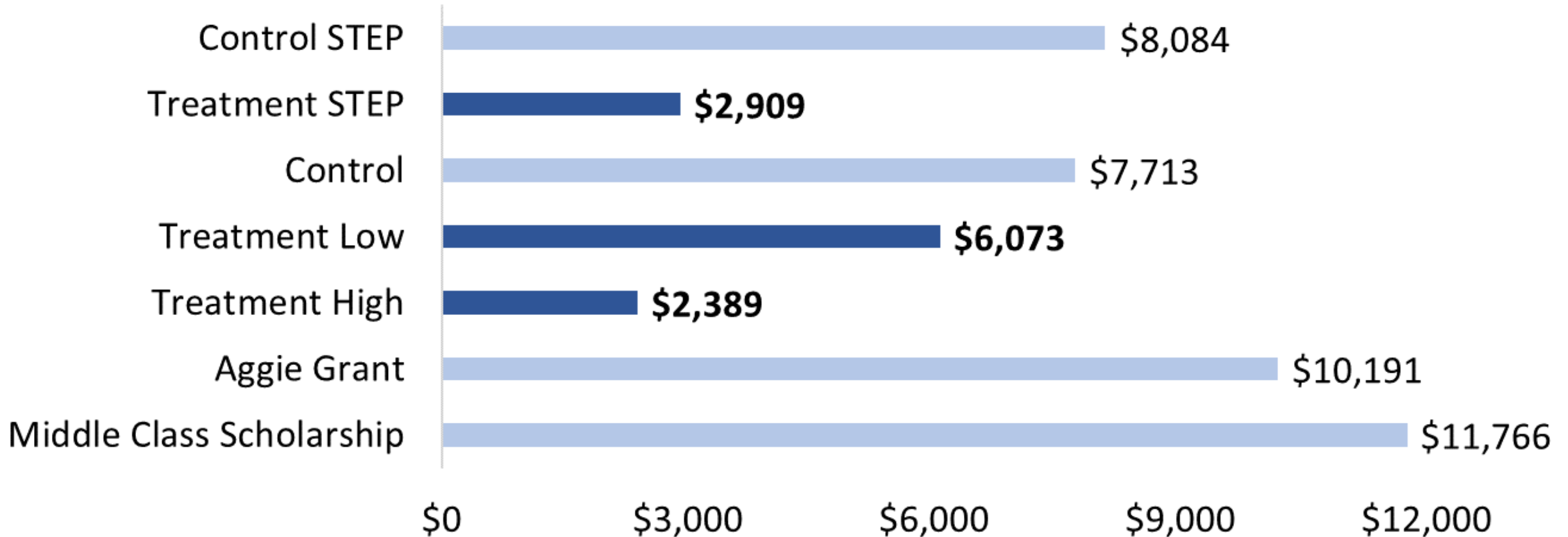
Average Cumulative Gift Aid from Any Source (includes grants, scholarships and fellowships)



% of Students with Cumulative Debt



Average Cumulative Debt Totals



Conclusion

- The additional USAP funding required to lower self-help by \$1,000 ranges between \$6-10.5 Million at UC Davis, and without additional funding, middle-income students will be adversely impacted.
- It requires a significant increase in additional grant funding to mitigate debt, so \$1,000 may not make a meaningful difference toward the goal of creating a debt-free UC.
- Non-financial resources, such as the STEP program, have a larger impact than anticipated and may be a viable investment option for the UC to consider.