Beyond the Cap and Gown

UC's Narrowing but Persistent Inequities in Student Debt

A joint report by the University of California Student Association and The Institute for College Access & Success

SEPTEMBER 2024

Table of Contents

Introduction

Despite a relatively robust institutional aid program and financial aid packaging that takes total college expenses and financial need into account, attending an undergraduate-serving University of California (UC) campus remains a financial challenge for many students as tuition and non-tuition costs rise, need-based financial aid has not keep pace, and students face unequal access to inter-generational wealth.[1, 2] While the state of California and the UC have made commendable efforts in recent years to strengthen financial aid and support student success, undergraduates—and students from low-income backgrounds in particular —turn to borrowing and working to cover college costs; 61 percent of UC undergraduates report struggling with food insecurity and 27 percent report struggling with housing insecurity; and Pell Grant recipients from low-income backgrounds graduate at lower rates than their peers with better resources.[3, 4, 5]

Through UC's institutional aid program and the state's keystone Cal Grant program, UC students with annual family incomes at or below $80,000 receive enough financial aid to cover tuition charges and some cost-of-living expenses; and many students with much higher family incomes receive state and institutional aid as well.[6, 7, 8] Generally, after combining multiple forms of grant aid, UC undergraduate students are not expected to pay more than about $9,000 to $10,000 annually out of pocket, through a combination of work and student loans.[9]

> ***Five years after our original analysis was published, UCSA and TICAS have collaborated again to examine the extent to which UC undergraduate affordability trends have changed or persisted.***

Starting in AY 2022–23, this expectation was reduced to $7,900 for students from the lowest-income backgrounds under UC president Dr. Michael V. Drake's path to a debt-free education, reforms for which the University of California Student Association (UCSA) and The Institute for College Access & Success (TICAS) have previously advocated.[10, 11] Despite plans to fully phase in this debt-free pathway to a UC education by 2030, several developments threaten its full implementation: increases to aggregate student financial need due to inflation, the new federal Pell Grant eligibility formula, other changes to how the federal government determines financial need, and decreases to Middle Class Scholarship funding.[12]

In 2019, UCSA and TICAS partnered to examine college affordability challenges that UC undergraduate students faced by analyzing data from academic years (AY) 2016–17 and 2017–18 in *First Comes Diploma, Then Comes Debt*.[13] While both the average debt and the borrowing rate of UC bachelor's degree (BA) recipients were lower than at other public four-year institutions throughout the country, when we dug beneath overall averages we found that African American and Chicano/Latino undergraduates, as well as undergraduates from low-income backgrounds, were the most likely to incur debt.[14, 15] Additionally, data revealed that across the nine undergraduate-serving UC campuses, the work hours needed to cover out-of-pocket costs ranged from 17 to 25 per week—several more than the recommended 15-hour maximum.[16]

Five years after that report was published, UCSA and TICAS have collaborated again to analyze available UC undergraduate data and shed light on the extent to which college affordability trends —which have likely been impacted by multiple factors including continued recovery from the Great Recession, the effects of the COVID-19 pandemic, and recent state and higher education system campaigns to strengthen student success—have changed or continued. This analysis, based on AY 2021–22 data provided by the UC Office of the President (UCOP) and publicly available federal data, finds that while several college affordability metrics have improved overall, concerning inequities persist.

It is commendable that borrowing rates have decreased across all income ranges and races/ethnicities since our original analysis; yet among dependent UC BA recipients in AY 2021–22, the students from the lowest-income backgrounds continue to be almost three times as likely to borrow as their wealthiest peers [see Figure 3].[17] And while Chicano/Latino and African American graduates have experienced the largest decreases in borrowing rates since our original analysis, they remain the most likely to have borrowed to cover college costs [see Figure 2]. Additionally, students with self-reported disabilities—a demographic group included for the first time in this analysis—are more likely to have incurred debt than their peers without disabilities across all income and racial/ethnic categories, with African American and Chicano/Latino students with disabilities the most likely to have borrowed [see Figures 4a and 4b].

It is commendable that borrowing rates have decreased across the board, yet equity gaps persist by race/ethnicity and family income.

In addition to—or instead of—borrowing, many students work to earn money to pay for net college costs, which are those that remain after applying all available grant aid. While net prices for UC students from families who make less than $30,000 annually have decreased at several campuses since our original analysis, at almost half of the campuses the net prices are such that solely earning money to cover them could require students from the lowest-income backgrounds to work 15 or more hours per week [see Figure 1]. And while Pell Grant recipients from low-income backgrounds graduate from UC at high rates compared to other public four-year universities, at most UC campuses they are still less likely to complete their degrees than their peers from higher-income backgrounds [see Table 2], suggesting that excessive work hours may be one of the factors that impacts equity gaps in academic success.[18]

We applaud the UC for its continued commitment to support all Californians in accessing and succeeding in higher education, and at the same time emphasize that more must continue to be done to address the challenges that under-resourced students, BIPOC students, and students with disabilities face paying for all of the costs necessary to earn a college degree. Even with UC's relatively progressive approach to financial aid packaging and the fact that the majority of undergraduates do not pay any tuition, many UC students struggle to cover the total cost of attendance.[19]

In addition to updating the current state of college affordability for UC undergraduates and how it has changed over the past five years, this report includes joint UCSA and TICAS recommendations for steps the UC and California state leaders can take to ensure all students can afford and successfully earn a higher education degree.

Non-Tuition Expenses Account for the Majority of the Cost of a UC Bachelor's Degree

The total cost to attend the UC stretches far beyond statewide tuition and fees, which is $14,436 for new resident undergraduate students in AY 2024–25.[20] Non-tuition costs, including living expenses, textbooks and supplies, transportation, and personal expenses, compose the majority of UC students' total college costs and students' ability to pay for them determines the extent to which they can focus on their studies and efficiently complete a degree.[21]

42%

of AY 2021-22 BA recipients systemwide borrowed student loans to fund their education.

While these total costs are high for all students, they can be especially high for students who live independently off campus—which the majority of students attending public four-year universities in California do—and they vary across the state based in part on regional costs of living.[22] For AY 2021–22, the published off-campus costs of attendance across the nine undergraduate-serving UC campuses ranged from $28,900 at UC Merced in the Central Valley to $37,900 at UC Berkeley in the San Francisco Bay Area [see Table 1].[23] Compared to *First Comes Diploma, Then Comes Debt*, our original analysis on UC undergraduate affordability, costs of attendance increased between $1,500 and $4,700 since AY 2017–18, with a median increase of $2,800.[24]

To help cover college costs, about 40 percent of the approximately 40,000 UC BA recipients in AY 2021–22 took out student loans, a commendable 10 percentage-point decrease from AY 2017–18 in the systemwide borrowing rate of dependent BA degree recipients.[25] However, the borrowing rates of all BA recipients varied across campuses in AY 2021–22 with UC Berkeley retaining the lowest borrowing rate (34 percent) and UC Merced retaining the highest (59 percent).[26] Average debt at graduation also decreased between $2,800 (UC Merced) and $8,300 (UC Los Angeles) since AY 2017–18. Students at UC Berkeley graduated with the least debt ($13,700) and those at UC Santa Cruz with the most debt ($18,700).

The total cost to attend the UC stretches far beyond statewide tuition and fees and includes critical non-tuition expenses.

To illustrate college costs and affordability across the UC system, Table 1 shows the in-state tuition and campus-based fees, total annual cost of attendance, proportion of graduates with debt and the average amount borrowed at time of graduation across the nine undergraduate-serving campuses.

TABLE 1

UC Costs and Student Debt, AY 2021–22

Across the nine undergraduate-serving UC campuses, 42 percent of AY 2021–22 BA recipients borrowed an average of $15,800 to help cover college costs.

UC Campus	In-State Tuition and Fees	Annual Total Cost of Attendance (Off Campus)	Average Debt of Graduates With Bachelor's Degrees	Share of Graduates With Bachelor's Degrees With Any Debt
Berkeley	$14,200	$37,900	$13,700	34%
Davis	$14,600	$32,600	$15,400	42%
Irvine	$13,800	$35,000	$15,600	43%
Los Angeles	$13,300	$36,200	$14,000	34%
Merced	$13,700	$28,900	$15,400	59%
Riverside	$13,800	$32,300	$17,300	52%
San Diego	$14,700	$35,100	$17,100	44%
Santa Barbara	$14,400	$35,400	$15,200	41%
Santa Cruz	$14,100	$36,100	$18,700	44%

Data on tuition and cost of attendance for AY 2021–22 are from the U.S. Department of Education, National Center for Education Statistics, College Navigator. Total cost of attendance is for students living off campus without family, the living arrangement for the majority of California undergraduates at public universities (based on authors' calculations using data from the 2019–20 National Postsecondary Student Aid Study, Administrative Collection (NPSAS:20-AC)). All dollar figures are rounded to the nearest $100. Average debt and share with debt for graduates who received a bachelor's degree in AY 2021–22 provided by the University of California Office of the President (UCOP) at authors' request and includes all student loans (federal, university, private) of which the UC is aware students borrowed.

Net Cost: What Students From Low-Income Backgrounds Pay out of Pocket and Its Relationship With Student Success

Net cost is the total cost of attendance after all grant aid has been applied.[27] For example, if the total cost of college is $35,000 and a student receives $8,000 in grant aid, then the net cost—or what the student must pay out of pocket—is $27,000. With nearly three-quarters (72 percent) of UC resident undergraduates receiving some type of gift aid in AY 2021–22, most students are not paying the full sticker price to attend a UC campus.[28] Still, college costs remain a challenge for many Californians, particularly those from families with low incomes. At UC, students from families earning no more than $30,000 and $48,000 annually have to put at least 30 percent and 22 percent, respectively, of their family income toward covering college costs after available grant aid.[29]

UC students from the lowest-income backgrounds have to put at least

30%

of their family income towards college costs after available grant aid.

To bridge the affordability gap, which is greater for students with fewer resources, students must turn to savings, loans, work, or reduce their enrollment. In AY 2021–22, across the UC system 34 percent of undergraduates received a federal Pell Grant, which primarily serves students with annual family incomes of $40,000 or less.[30, 31] Notably, UC campuses with higher shares of Pell Grant recipients tended to have higher borrowing rates.

In AY 2021–22, UC Merced and UC Riverside, which had the highest shares of Pell Grant recipients among campuses (61 and 49 percent, respectively), also had the highest borrowing rates of BA recipients (59 and 52 percent, respectively); and UC Berkeley and UC Los Angeles, both of which had the same lowest borrowing rate (34 percent), had the same lowest share of Pell Grant recipients (27 percent) [see Table 2]. This aligns with research that Pell Grant recipients are more likely than their wealthier peers to take out student loans—and borrow more—suggesting available need-based financial aid is not sufficient to cover total college costs, especially for students with the least resources.[32] The Pell Grant itself, a keystone of federal financial aid intended to even the playing field for students without access to other resources like intergenerational wealth, has lost substantial value over the years, covering the smallest share (26 percent) of college costs in AY 2023-24 compared to its height nearly half a century ago when it covered more than 75 percent in 1975–96.[33]

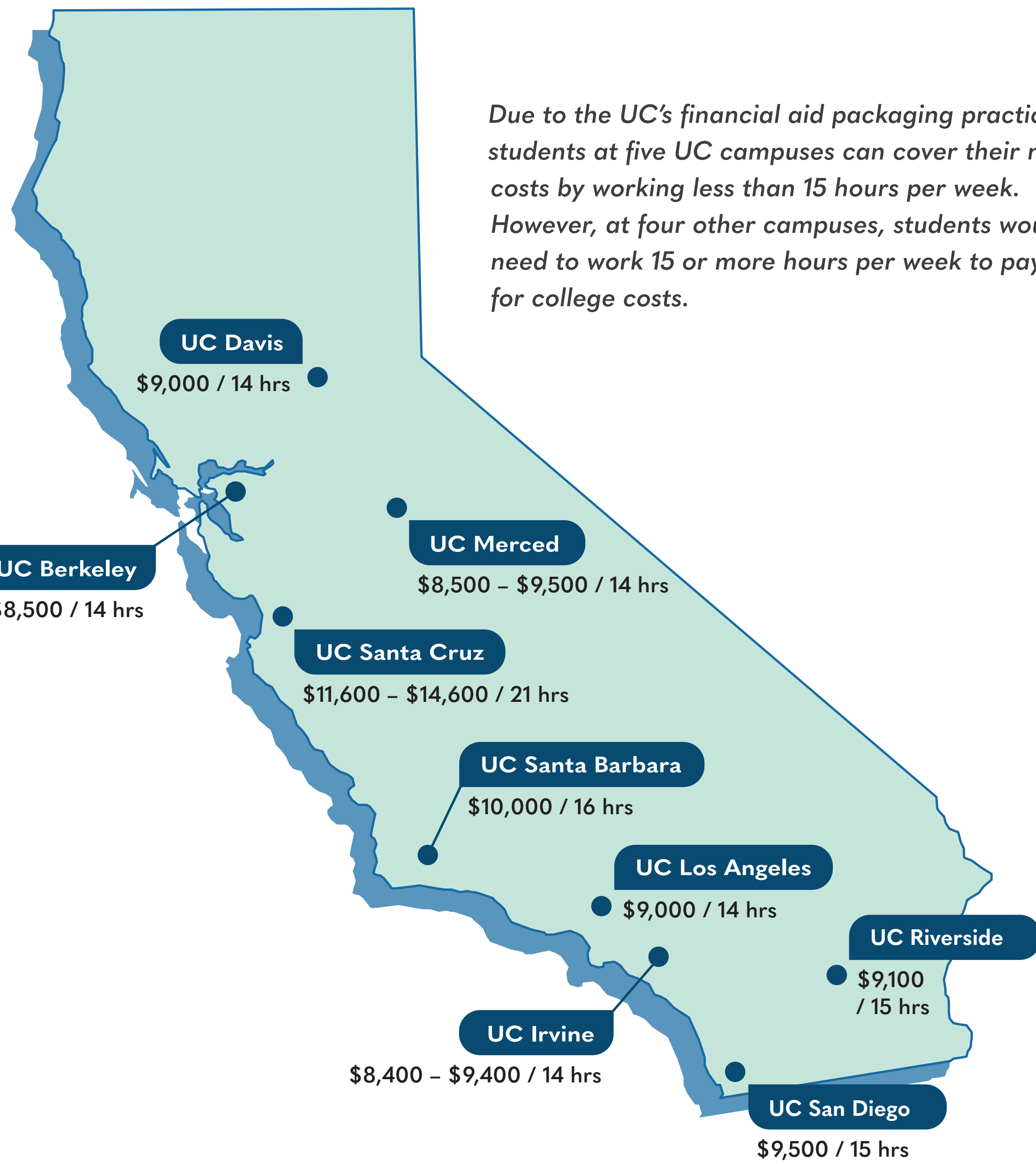
In combination with or instead of borrowing, students may choose to work to cover college costs. Research shows that working more than about 15 hours per week can be detrimental to student success; at UC, where most students are required to attend full time, the work hours needed to cover net prices for the students from the lowest-income backgrounds range from 14 to 21 weekly. It is noteworthy that these weekly work hours fall just under 15 hours at five out of nine undergraduate-serving UC campuses, in large part due to growth in the California minimum wage and UC maintaining its commitment to a reasonable self-help expectation, the latter which has also contributed to up to $600 decreases in net prices since 2019 at five of the nine campuses. Still, increases in college costs and grant aid that has not sufficiently kept pace mean that net prices at three UC campuses have increased by up to $1,300 since 2019; and at four UC campuses the students from the lowest-income backgrounds would have to work 15 hours or more weekly to cover college costs after available grant aid.

To cover net prices across UC campuses, students from the lowest-income backgrounds need to work

14 – 21 hours per week.

FIGURE 1

Map of Net Prices for UC Students From Low-Income Backgrounds Living Off Campus and Work Hours Needed to Cover Them



Figures are from each school's Net Price Calculator (NPC), tools designed to help students understand early estimates of their costs of attending a particular college, for a dependent student from a family of four (with one child in college) with few resources living independently off campus, the way the majority of undergraduates at California public universities reside (based on authors' calculations using NPSAS:20-AC data). We use data derived from NPCs, rather than the net price data reported by colleges to the U.S. Department of Education, because the latter combines net prices for students with different living arrangements, making it challenging to compare across *colleges with different mixes of student living statuses. Among dependent students attending California public universities with family incomes between $0 and $30,000—the lowest income bracket in federal data sets like IPEDS—$16,500 is the median parental income and $0 is the median student income, and median wealth for the lowest income quintile is $12,000 per the* U.S. Census Bureau*, all of which were included in the NPC calculations. NPCs were accessed in February 2024; figures are rounded to the nearest $100. Work hours are calculated using 2024 California minimum wage of $16 per hour, assuming 39 weeks of work during a nine-month academic school year and rounded to the nearest hour, with the midpoint used for NPCs that produced net price ranges.*

Grant aid supports student success by taking the place of working and borrowing. Federal Pell Grants, with a maximum award of $6,495 in AY 2021–22 and awarded mostly to students with annual family incomes no more than $40,000, play a key role in supporting students' ability to cover college costs and spend more time in class and studying rather than working.[34] In AY 2021–22, 34 percent of UC undergraduates received a Pell Grant, down from 38.5 percent in AY 2016–17.[35] This echoes recent declines in Pell Grant recipient rates at colleges around the country, and while UC still enrolls a greater share of Pell Grant recipients than its peer research universities, this nonetheless highlights socioeconomic disparities in access to more selective institutions of higher education.[36, 37]

Importantly, the graduation rates of UC BA recipients who received Pell Grants increased at seven UC campuses between AY 2016–17 and AY 2021–22, including at two campuses where the Pell Grant recipient graduation rate was higher (Merced) and the same (Santa Cruz) as non-Pell Grant recipients.[38, 39] However, the graduation rate gap also widened at four UCs, including the selective Berkeley campus.[40]

Systemwide, UC Pell Grant recipients graduate at a rate of 81 percent compared to 88 percent of their non-Pell Grant recipient peers, with Pell Grant recipients at seven out of nine undergraduate-serving UC campuses graduating at lower rates than their peers with more resources, maintaining equity gaps in postsecondary attainment. Strengthening need-based grant aid is critical not only to reduce net costs, debt disparities, and excessive work hours, but also may improve graduation rates for students from lower-income backgrounds by relieving them of financial pressures that impact their ability to focus on their studies and ensuring that their educations pay off.

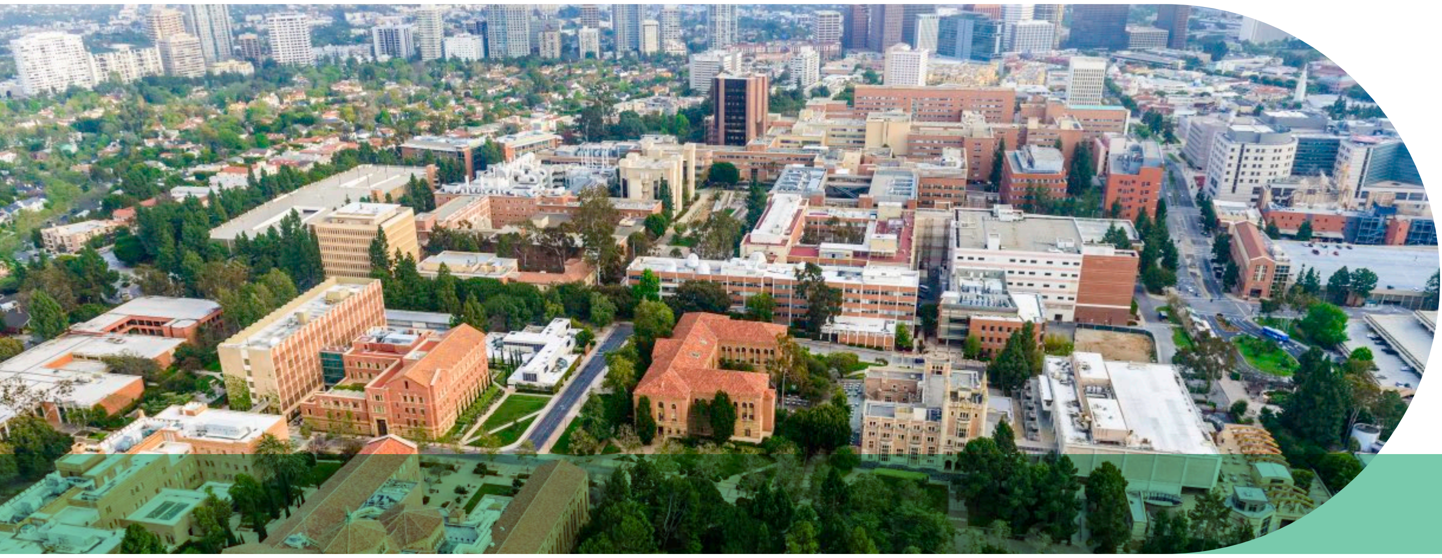


TABLE 2

Pell Grant Recipients Across the UC, AY 2021–22

Across UC campuses, the share of students with Pell Grants in AY 2021–22 ranged from 27 percent to 61 percent; systemwide, 81 percent of UC Pell Grant recipients graduated compared to 88 percent of their non-Pell Grant recipient peers.

UC Campus	Share of Undergraduates Receiving a Pell Grant	Graduation Rate for Pell Grant Recipients	Graduation Rate for Non-Pell Grant Recipients	Overall Graduation Rate
Berkeley	27%	89%	95%	94%
Davis	33%	81%	89%	86%
Irvine	38%	85%	88%	87%
Los Angeles	27%	89%	94%	92%
Merced	61%	68%	66%	67%
Riverside	49%	75%	77%	76%
San Diego	32%	84%	89%	88%
Santa Barbara	30%	82%	88%	86%
Santa Cruz	32%	77%	77%	77%

Share of undergraduates who received Pell Grants at any point during the academic year from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS) for AY 2021–22. Authors' calculations of AY 2021–22 graduation rates based on data from IPEDS for full-time students who had enrolled in college for the first time and graduated within 150 percent of normal time.

Racial/Ethnic and Income Disparities in Student Debt

While public four-year college graduates in California have had among the lowest average debt in the nation, the data continue to illustrate that the burden is not borne equitably across racial/ethnic groups or family income.[41]

Overall, in AY 2021–22, 40 percent of dependent BA recipients borrowed loans—down 10 percentage points from our original analysis on AY 2017–18 graduates. While the vast majority (88 percent) of AY 2021–22 BA recipients were dependent students, the majority (57 percent) of independent students—whose data was not available by income bracket—borrowed student loans. Together with their dependent peers, 42 percent of all AY 2021–22 BA recipients had borrowed to fund their education.[42]

From AY 2017–18 borrowing decreased across all racial/ethnic categories; however, equity gaps persist with African American and Chicano/Latino BA recipients remaining the most likely to have borrowed.

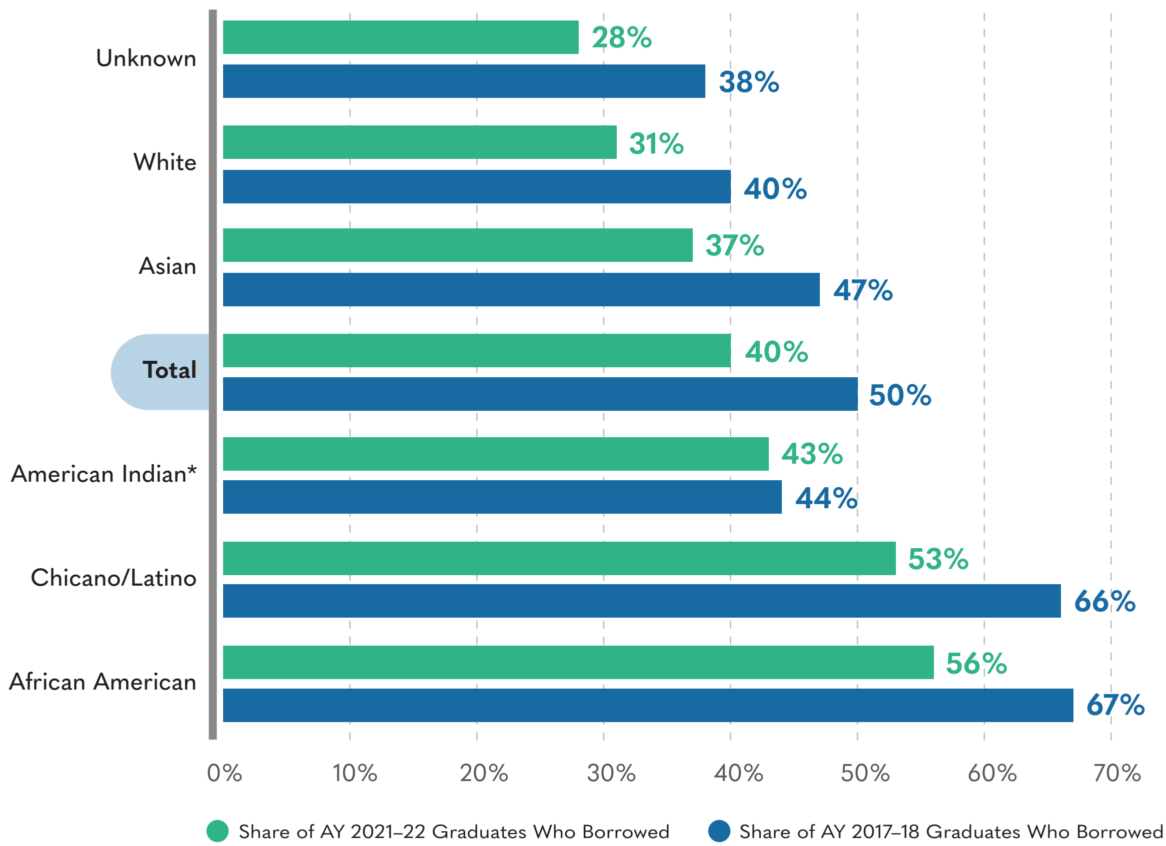
It is notable that borrowing decreased from AY 2017–18 across all racial/ethnic categories; however, equity gaps among those who borrow persist and more must be done to close these gaps. For example, at 56 percent, dependent African American BA recipients were still the most likely to have borrowed by the time they graduated in AY 2021-22, compared to 31 percent of White graduates who remained the least likely to have incurred debt after students of unknown race/ethnicity. Moreover, despite experiencing the largest percentage point decrease since our original analysis, at 53 percent Chicano/Latino graduates continued to be the second most likely to have borrowed.

In Fall 2021, 34.7 percent of undergraduates were Asian, 25.1 percent were Hispanic/Latino(a), 20.9 percent were White, 4.3 percent were African American, and American Indian and Native Hawaiian/Pacific Islander undergraduates were each less than one percent of enrollment; the remaining 14.3 percent were classified as domestic unknown or international students.[43]

FIGURE 2

Dependent Bachelor's Degree Recipients Who Graduated with Debt in AY 2017-18 and AY 2021-22, by Race/Ethnicity

While AY 2021–22 Chicano/Latino and African American graduates experienced the largest decreases in borrowing rates since our original analysis, they remained the most likely to have borrowed to cover college costs.



** Interpret with caution due to small number (fewer than 250) of American Indian bachelor's degree graduates in AY 2021–22.*

Calculations based on data provided by UCOP at authors' request for students who graduated in AY 2021-22 with a bachelor's degree and includes all student loans (federal, university, private) of which the UC is aware students borrowed. We use the racial/ethnic classifications provided by UCOP in our original report to make comparisons across years; this includes combining Asian and Native Hawaiian/Pacific Islander students, which we plan to disaggregate in future analyses.

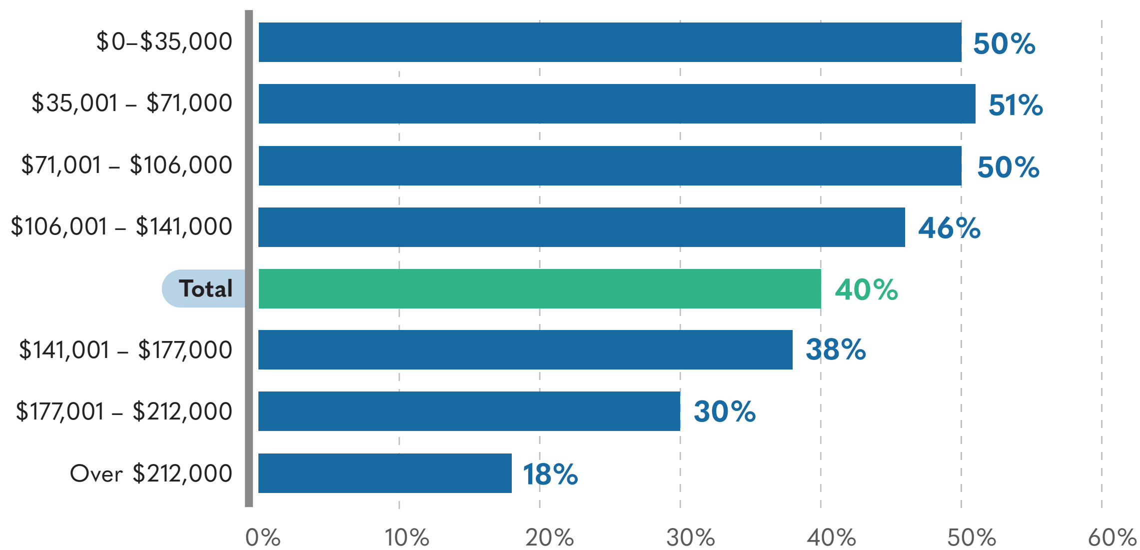
Borrowing has also decreased across all income ranges, taking some financial pressure off students from lower- and higher- income backgrounds alike. In fact, laudably, dependent students from the lowest income bracket have experienced the greatest decrease in borrowing, with 50 percent graduating with debt in AY 2021–22 compared to 65 percent in AY 2017–18.[44]

Still, as family income decreases the likelihood of borrowing increases, with graduates from the lowest income brackets close to three times as likely to have borrowed as those from the highest income bracket. Moreover, while debt is concentrated among those who make $141,000 or less across all racial/ethnic groups, 59 percent of African American and 56 percent of Chicano/Latino BA recipients from this income category borrowed, compared to 41 percent of their White peers.

FIGURE 3

AY 2021–22 Dependent Bachelor's Degree Recipients Who Graduated With Debt, by Family Income

AY 2021–22 graduates with the lowest family incomes were almost three times as likely to borrow as their peers with the highest family incomes



Calculations based on data provided by UCOP at authors' request for dependent students who graduated in AY 2021–22 with a bachelor's degree and includes all student loans (federal, university, private) of which the UC is aware students borrowed.

New Analysis Reveals Debt Disparities by Self-Reported Disability Status

Included for the first time in this analysis is student debt burden by self-reported disability status from the UC Undergraduate Experience Survey (UCUES), which was most recently administered to about 220,000 undergraduates enrolled at all nine undergraduate-serving campuses during the 2022 spring term; approximately 52,000 students responded.[45,46] Respondents were asked, "Do you have any conditions or disabilities that significantly affect your experience as a student at [University Name], including how you learn or perform academically, interact with others, or access campus?" and were provided with several options that include physical, learning, cognitive, emotional, and other types of disabilities.[47]

47%

of surveyed students with a self-reported disability borrowed student loans compared to

39%

of students without a disability.

While more analysis is needed to confirm trends, data collected show that 47 percent of all respondents with a self-reported disability borrowed students loans compared to 39 percent without a disability. For dependent students across all income levels, those with reported disabilities appear more likely to have incurred debt than those without disabilities, perhaps in part given the additional accommodations they may need to support their studies (see Figure 4a). These may include note-taking services and equipment; tutoring; specialized transportation (including to clinics); the cost of medical care and medication; as well as time off from school or paid work due to their disability, which may affect their access to aid and income earned.

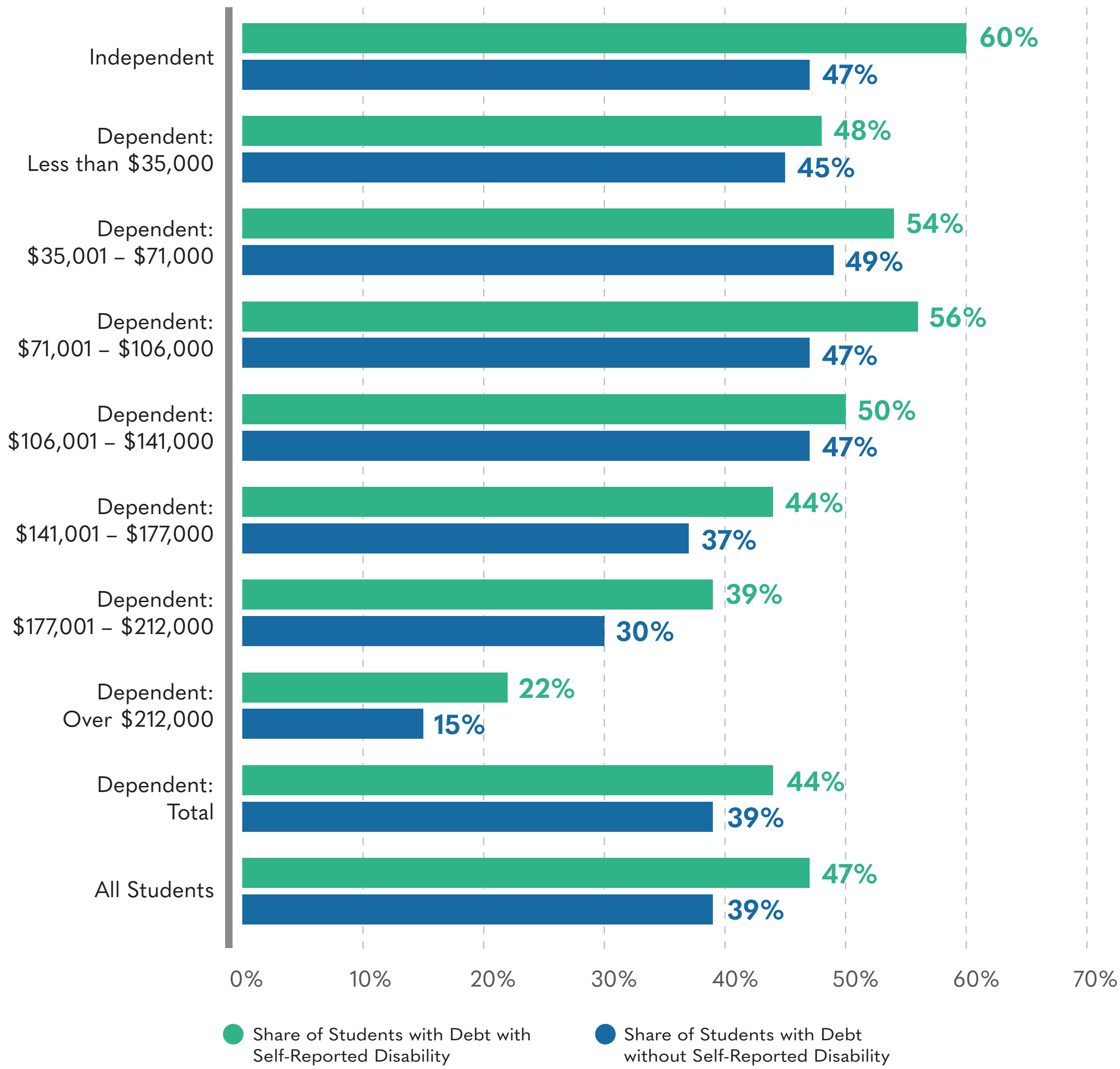
Echoing trends across dependent students overall, both students with and without self-reported disabilities from families making $141,000 or less were more likely to have borrowed than their peers from wealthier families. While share with debt by income is not available for independent students, 60 percent of independent students with a self-reported disability borrowed compared to 47 percent of their peers without a disability.

> ***Across all income levels, students with reported disabilities appear more likely to have incurred debt than those without disabilities.***

FIGURE 4A

2022 Borrowing Rates by UCUES Survey Respondents, by Self-Reported Disability Status and Income

Across all income brackets, students with a self-reported disability borrowed at higher rates than their peers without a disability.



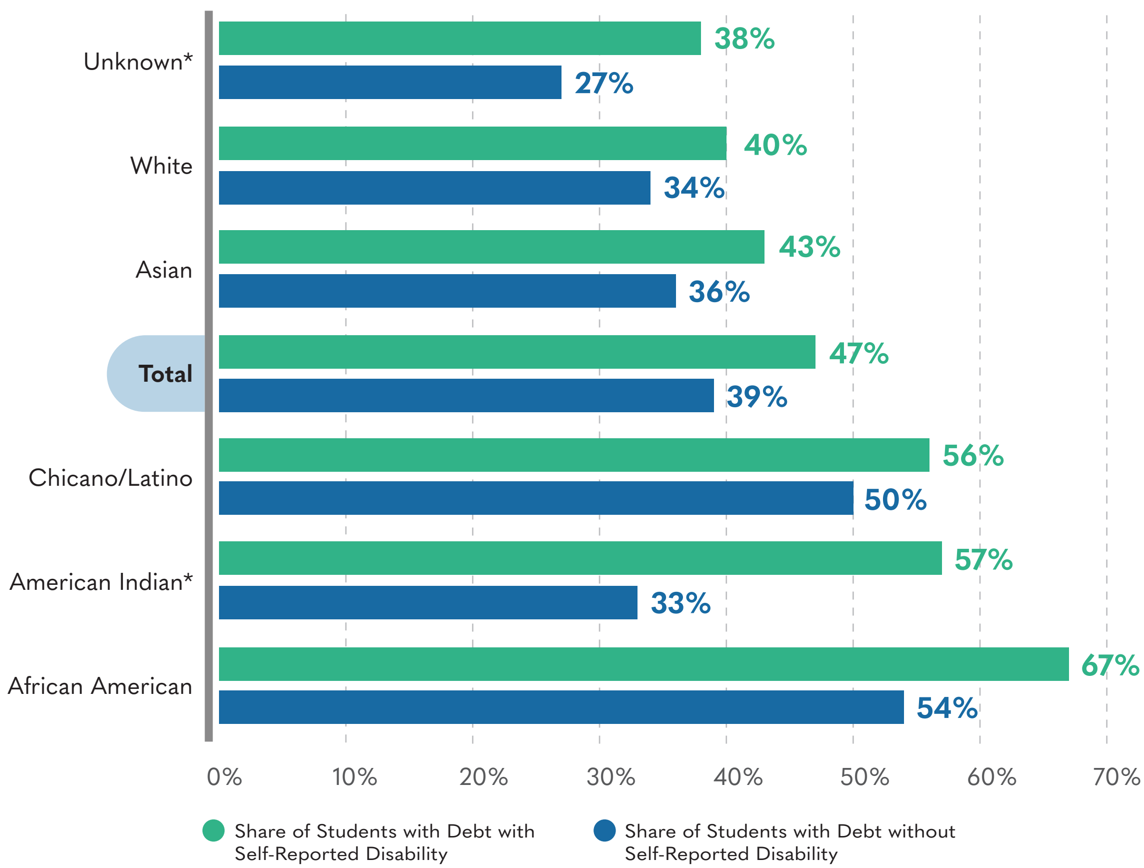
Calculations based on UCUES data provided by UCOP at authors' request and includes all student loans (federal, university, private) of which the UC is aware students borrowed. Includes respondents who identified as having disability or no disability.

Students with disabilities are also more likely to have incurred debt than their peers without disabilities across all racial/ethnic categories. And, as illustrated earlier for graduates regardless of disability status [see Figure 2], inequities persist with the majority of African American (67 percent) and Chicano/Latino students (56 percent) with disabilities having borrowed compared to less than half of their Asian (43 percent) and White (40 percent) peers with disabilities.[48]

FIGURE 4B

2022 Borrowing Rates by UCUES Survey Respondents, by Self-Reported Disability Status and Race/Ethnicity

Students with disabilities were more likely to have incurred debt than their peers without disabilities across all racial/ethnic categories, yet inequities persist with African American and Chicano/Latino students with disabilities the most likely to have borrowed.



**Interpret with caution due to small number (fewer than 250) of students classified as American Indian and race/ethnicity unknown.*

Calculations based on UCUES data provided by UCOP at authors' request and includes all student loans (federal, university, private) of which the UC is aware students borrowed. Includes respondents who identified as having disability or no disability. Race/ethnicity classifications are those used in the data provided by UCOP in our original report to show comparisons across years.

When examining borrowing by self-reported disability status at individual UC campuses, the average debt was highest for AY 2021–22 graduates with disabilities who attended UC Riverside, Santa Cruz, and San Diego, and lowest at UC Berkeley and Los Angeles—similar to overall averages at graduation [see Table 1].[49]

Additionally, borrowing rates were highest at UC Merced (60 percent) and Riverside (58 percent), and lowest at UC Berkeley (41 percent) and Los Angeles (39 percent). Given these notable differences, it is worth analyzing additional data to identify whether these trends persist from year to year; and, if so, what may be contributing to equity gaps in affordability for students with reported disabilities and how it may compound debt disparities by race/ethnicity and family income.

TABLE 3

AY 2021-22 Debt at Graduation for Students with Reported Disability, by Campus

Across UC undergraduate-serving campuses, between 39 percent and 60 percent of students with reported disabilities borrowed student loans to help cover college costs.

UC Campus	Share With Debt at Graduation	Average Debt at Graduation
Berkeley	41%	$13,200
Davis	48%	$15,700
Irvine	48%	$15,400
Los Angeles	39%	$13,800
Merced	60%	$15,100
Riverside	58%	$16,400
San Diego	49%	$17,900
Santa Barbara	46%	$15,800
Santa Cruz	47%	$18,800
Systemwide	47%	$15,800

Calculations based on data provided by UCOP at authors' request and includes all student loans (federal, university, private) of which the UC is aware students borrowed. Figures rounded to nearest $100.

Conclusion

A leader among its peers in college affordability, the UC has made progress since our original analysis in reducing the borrowing rates of its BA recipients across all family incomes and racial/ethnic categories. And, laudably, it has increased the graduation rates of Pell Grant recipients at seven out of nine undergraduate-serving campuses, including at two campuses where the Pell Grant recipient graduation rate was higher (Merced) and the same (Santa Cruz) as non-Pell Grant recipients. Amid significant economic and health crises, these metrics underscore the importance of commitments by UC leadership, along with the California State Legislature and Governor Newsom's administration, to support college affordability and close equity gaps.

A leader among its peers, there are key steps the UC can take to strengthen college affordability for students with the fewest resources.

Commendably, the UC has long approached college affordability by taking students' total college costs into account and prioritizing students with the fewest resources. Through its Education Finance Model—which now incorporates the path to a debt-free education—federal, state, and institutional aid are packaged with the intent that by 2030 all students and families will be left with out-of-pocket costs that can be covered in their entirety by working no more than 15 hours per week.[50, 51] However, given changes in federal policy that impact federal needs analysis and Pell Grant eligibility and decreases to some state financial aid, the UC has expressed concerns it may not be able to achieve its original goal.[52] This is especially concerning given that equity gaps in affordability and degree completion persist.

Since our original analysis, UC undergraduates from the lowest-income backgrounds are nearly three times as likely to have borrowed as their wealthiest peers; students with self-reported disabilities appear more likely to have incurred debt than their peers without disabilities; Chicano/Latino and African American graduates remain the most likely to have borrowed to cover college costs; and the graduation rate gap for Pell Grant recipients at four UCs, including the selective UC Berkeley, has widened. Being intentional about closing equity gaps in higher education affordability and success has always been critical, and it is especially significant today given the chilling effects of the U.S. Supreme Court decision to end affirmative action nationally, the resumption of student loan repayments in Fall 2023 after an extended pandemic-induced pause, and continually rising costs of living.

As the UC continues to sharpen its focus on strengthening student success, closing equity gaps, and advancing an affordability guarantee that eliminates the need to borrow, we offer leadership the following recommendations:

- **Continue to prioritize students with the fewest resources and to take wealth and social capital into account when determining reasonable and equitable student and family self-help expectations.** This is especially timely as UC tuition increases through the Tuition Stability Plan; the UC's recent increase on return to aid from 33 percent to 45 percent is an important step forward, and the percentage should increase to further fund differential self-help contributions as tuition—and the revenue from it—rises.[53]
- **Regularly evaluate—including through avenues that solicit robust student feedback—institutional affordability policies through student success metrics broken out by demographics such as family income, race/ethnicity, and disability status, and strengthen policies when needed.** This includes addressing persisting disproportionate debt burdens; increasing the share of Pell Grant-eligible admits across the UC and at the most selective campuses, and holistically supporting their enrollment; closing graduation rate gaps between Pell Grant recipients from low-income backgrounds and their wealthier peers; and increasing graduation rates for all students at campuses that enroll high shares of Pell Grant recipients.
- **Maintain and strengthen investment in programs that support college access and degree completion for historically underserved students, such as the Student Academic Preparation and Educational Partnership (SAPEP) program—and in particular Student-Initiated Programs (SIP),** which emerged from student demands after the passage of Proposition 209 in 1996 that prohibited affirmative action at public colleges and universities, to increase access for educationally disadvantaged students, promote diversity, and close opportunity gaps.[54, 55] These academic support programs paired with adequate financial support provide underserved students with the holistic resources that are critical to completing their degree, helping to close long-standing equity gaps in degree completion and driving increased educational attainment in California.
- **Utilize data and direct outreach to students to better understand the needs and costs faced by students with disabilities, including the compounding impact of students' intersecting identities** (e.g., family income and race/ethnicity), and the extent to which existing campus programs and policies support their college affordability. Doing so will help decision-makers identify steps to increase funding and resources where it is most needed and effective to support students with disabilities' degree completion while decreasing their need to borrow.[56]

- **Amplify efforts to address and invest in students' basic needs security,** including strengthening basic needs centers' partnerships with other student services offices and public benefits programs.[57] While the state of California and the UC have made commendable efforts in recent years to support students' basic needs, 61 percent of UC students report struggling with food insecurity and 27 percent report struggling with housing insecurity.[58, 59]

- **Support employment opportunities that are accessible to students from low-income backgrounds and align with their career trajectories,** such as advocating to reinstate the Learning Aligned Employment Program that was defunded in the FY 2024–25 California state budget.[60] Programs like these are critical in supporting students' ability to afford their education and graduate, as well as strengthening their connections to the field and employment opportunities after graduation, especially for students with less access to financial and social capital.

- **Ensure on-campus employment opportunities are available to students regardless of immigration status.**[61] Doing so would provide all California students with paid work that supports their ability to afford college and advance in their fields of study.

- **Advance a statewide affordability pledge by covering student financial need and implementing policy changes that prioritize students from the lowest-income backgrounds.** As the keystone of California state need-based financial aid, the Cal Grant program provided nearly $1 billion to UC students in AY 2022–23, mostly to cover statewide tuition and fees.[62] UC students who are not recent high school graduates must compete for a limited number of Cal Grant awards; those who do not receive one instead receive a University Grant. Removing this time-of-graduation-based eligibility barrier, a component of Cal Grant Reform which has not yet been funded, would free up institutional aid dollars to better cover under-resourced students' rising non-tuition college costs. Additionally, there are opportunities to strengthen other state financial aid programs, such as the Middle Class Scholarship, to ensure students from lower-income backgrounds are prioritized and that their unmet need is sufficiently covered without excessive work or debt.[63] Together, these reforms would help ensure more hardworking students can make their studies—rather than work—their focus while in school and help close graduation rate gaps by family income.

- **Continue to advocate that the federal government reinstate colleges' ability to prorate students' Student Aid Index (or SAI) if they are enrolled for periods other than nine months,** as they could prior to Free Application for Federal Student Aid (FAFSA) Simplification, which UC President Drake uplifted in his letter to U.S. Department of Education Secretary Miguel Cardona in February 2024.[64] In addition to students who may only have one term left to complete a degree, students with disabilities may need to reduce attendance during the year, impacting their eligibility for need-based financial aid because their SAI cannot currently be prorated.

- **Maintain strong advocacy for a substantial increase to the federal Pell Grant,** which is also vital to closing equity gaps in UC affordability and student success. The Pell Grant, at a maximum of $7,395 in AY 2024–25, is worth just a fraction of its purchasing power when it was created over half a century ago and at its peak covered more than 75 percent of the average cost of attending a public four-year college.[65]

Endnotes

1 In July 2021, the University of California (UC) Board of Regents approved the Tuition Stability Plan, which lays out expected tuition increases over five years; only new students experience a tuition increase and that amount remains the same for up to six years. See: University of California Office of the President (UCOP). (2024). Institutional Financial Aid Programs. https://www.ucop.edu/operating-budget/_files/legreports/2023-24/uc_institutional_financial_aid_prgms_legrpt.pdf. In AY 2024-25, UC undergraduate statewide tuition is $14,436. See: UC. (n.d.). Tuition & Cost of Attendance. Retrieved July 8, 2024, from https://admission.universityofcalifornia.edu/tuition-financial-aid/tuition-cost-of-attendance/

2 California Student Aid Commission (CSAC). (2023). 2024-25 Student Expense Budgets. https://www.csac.ca.gov/sites/main/files/file-attachments/2024-25_student_expense_budget.pdf

3 UC Basic Needs Initiative. (n.d.). Caring for the Whole Student. Retrieved July 8, 2024, from https://basicneeds.ucop.edu/

4 CSAC. (2023). 2023 Food and Housing Survey: Understanding Students' Basic Needs. https://www.csac.ca.gov/sites/main/files/file-attachments/food_and_housing_basic_needs_survey_2023.pdf

5 See Table 2 of this report for more detail.

6 UC. (n.d.). Blue and Gold Opportunity Plan. https://admission.universityofcalifornia.edu/tuition-financial-aid/types-of-aid/blue-and-gold-opportunity-plan.html

7 Eligible students from families earning up to $151,600 (family of six or more) in AY 2024-25 can receive a state Cal Grant. CSAC. (2023). California Student Aid Commission: For New Cal Grant Applicants and Renewing Cal Grant Applicants. https://www.csac.ca.gov/sites/main/files/file-attachments/2024-25_income_and_asset_ceilings.pdf?1691433501

8 Eligible students from families earning up to $226,000 in AY 2024-25 can receive a Middle Class Scholarship. CSAC. (2023). California Student Aid Commission: For Middle Class Scholarship Applicants. https://www.csac.ca.gov/sites/main/files/file-attachments/2024-25_mcs_income_and_asset_ceilings.pdf?1691689494

9 UC. (n.d.). Affordability. Retrieved July 8, 2024, from https://www.universityofcalifornia.edu/impact/affordability.

10 UCOP. (2024). Institutional Financial Aid Programs. https://www.ucop.edu/operating-budget/_files/legreports/2023-24/uc_institutional_financial_aid_prgms_legrpt.pdf

11 In November 2020, the University of California Student Association (UCSA) and The Institute for College Access & Success (TICAS) called on UCOP to adopt a hybrid approach to its Education Finance Model that incorporates both differential self-help by family resources and a debt-free college pathway to best support low-income and underrepresented students. See: UCSA & TICAS. (2020). Joint Letter from UCSA & TICAS Urging Improvements to UC's Education Financing Model. https://ticas.org/california/joint-letter-from-ticas-ucsa-urging-improvements-to-ucs-financing-model/

12 UCOP. (2024). Discussion Item: Updates to Federal Financial Aid and Path to Debt-Free UC. https://regents.universityofcalifornia.edu/regmeet/may24/j2.pdf

13 UCSA & TICAS. (2019). First Comes Diploma, Then Comes Debt: Unequal Debt Burdens Among University of California Undergraduates. https://ticas.org/wp-content/uploads/2022/03/first-comes-diploma-then-comes-debt.pdf

14 TICAS. (2023). Quick Facts About Student Loan Debt. https://ticas.org/wp-content/uploads/2023/12/Quick-Facts-About-Student-Loan-Debt-2023.pdf

15 UC. (n.d.). Accountability Report 2023. Indicator 2.3.3. Student loan debt burden of graduating seniors by parent income, Universitywide, 2021. https://accountability.universityofcalifornia.edu/2023/chapters/chapter-2.html#a2.3.3

16 A wide body of research supports that students should not work more than about 15 hours per week. For more on how working long hours can impede academic success, see: Burnside, O., Wesley, A., Wesaw, A., & Parnell, A. (2019). Employing Student Success: A Comprehensive Examination of On-Campus Student Employment. NASPA Student Affairs Administrators in Higher Education. https://www.naspa.org/files/dmfile/NASPA_EmploymentStudentSuccess_FINAL_April1_LOWRES_REVISED.pdf; Carnevale, A. & Smith, N. (2018). Balancing Work and Learning: Implications for Low-Income Students. Georgetown Center on Education & the Workforce. https://files.eric.ed.gov/fulltext/ED590711.pdf; Gordon, L. (2018, October 14). New warnings about California students juggling college and jobs. EdSource. https://edsource.org/2018/new-warnings-about-california-students-juggling-college-and-jobs/603499

17 In this report debt data by family income is only available for students identified as "dependent," meaning they are required to report both their and their parents' financial resources when applying for federal financial aid. See: Federal Student Aid. (n.d.). Dependency Status. https://studentaid.gov/apply-for-aid/fafsa/filling-out/dependency

18 UC. (n.d.). Accountability Report 2023. Indicator 2.2.1. Undergraduate Pell Grant recipients, UC and comparison institutions, 2020-21. https://accountability.universityofcalifornia.edu/2023/chapters/chapter-2.html#a2.2.1

19 As of March 2024, across the UC system the majority (54 percent) of undergraduates do not pay tuition at all and another 14 percent receive partial tuition coverage. See: UCOP. (2024). The University of California at a Glance. https://ucop.edu/institutional-research-academic-planning/_files/uc-facts-at-a-glance.pdf

20 UC. (n.d.). Tuition & Cost of Attendance. Retrieved July 8, 2024, from https://admission.universityofcalifornia.edu/tuition-financial-aid/tuition-cost-of-attendance/

21 For AY 2024-25, the California Student Aid Commission estimates that non-tuition costs (housing, food, transportation, books and supplies, and personal expenses) for students living off campus independently can exceed $30,000. See: CSAC. (2023). 2024-25 Student Expense Budgets. https://www.csac.ca.gov/sites/main/files/file-attachments/2024-25_student_expense_budget.pdf. This is before accounting for child care for parenting students who, in California, pay a premium of ~$7,600 per child. See: California Competes: Higher Education for a Strong Economy. (2020). Clarifying the True Cost of College for Student Parents. https://californiacompetes.org/wp-content/uploads/2023/01/CACompetes_Clarifying-the-True-Cost-of-College-for-Student-Parents_Final.pdf

22 Authors' calculations based on data from the National Postsecondary Student Aid Study, Administrative Collection (NPSAS:20-AC).

23 AY 2021-22 is the most recent data provided by UCOP for student debt by campus and demographics.

24 TICAS. (2019). First Comes Diploma, Then Comes Debt. https://ticas.org/wp-content/uploads/2022/03/first-comes-diploma-then-comes-debt.pdf. Both our original and this updated analysis focus on the nine undergraduate-serving UC campuses and do not include UC San Francisco or UC College of the Law, San Francisco (formerly UC Hastings).

25 Calculations based on data provided by UCOP at authors' request. Systemwide, 42 percent of all AY 2021-22 bachelor's degree recipients borrowed student loans; of the 88 percent who were classified as dependent students, 40 percent had borrowed.

26 UC Los Angeles also had the lowest borrowing rate (34%) in AY 2021-22. In AY 2017-18, UC Berkeley had the lowest borrowing rate (34%), and UC Merced had the highest (71%). Some of the variation in borrow rates may be attributed to the share of non-resident (who may have less financial need) enrollment by campus, which for fall 2021 was highest (24%) at the Berkeley, Los Angeles, and San Diego campuses, and lowest at Merced (0%) and Riverside (4%).

27 Throughout this report we refer to "net cost" when discussing college expenses from the student point of view (i.e., what they actually pay) and "net price" when discussing expenses from the college point of view (i.e., stated costs).

28 Authors' calculations based on data from UC. (2024). Undergraduate affordability. Retrieved July 9, 2024, from https://www.universityofcalifornia.edu/about-us/information-center/undergraduate-affordability

29 TICAS. (2022). Bearing the Burdens of College Costs: A Look at College Affordability by Student Race and Income at California's Public Two- and Four- Year Colleges and Universities. https://ticas.org/wp-content/uploads/2022/06/Bearing-the-Burdens-of-College-Costs.pdf

30 UC. (2024). Student financial support data tables. Retrieved July 9, 2024, from https://www.universityofcalifornia.edu/about-us/information-center/financial-support

31 TICAS. (2023). How Congress Can Strengthen the Pell Grant Program to Make College More Affordable for Millions of Americans. https://ticas.org/wp-content/uploads/2023/08/How-Congress-Can-Strenthen-the-Pell-Grant-Program-and-Make-College-More-Affordable-for-Millions-of-Americans.pdf

32 TICAS. (2023). Quick Facts About Student Loan Debt. https://ticas.org/wp-content/uploads/2023/12/Quick-Facts-About-Student-Loan-Debt-2023.pdf

33 TICAS. (2023). How Congress Can Strengthen the Pell Grant Program to Make College More Affordable for Millions of Americans. https://ticas.org/wp-content/uploads/2023/08/How-Congress-Can-Strenthen-the-Pell-Grant-Program-and-Make-College-More-Affordable-for-Millions-of-Americans.pdf

34 Ibid.

35 UC. (2024). Student financial support data tables. Retrieved July 9, 2024, from https://www.universityofcalifornia.edu/about-us/information-center/financial-support

36 TICAS. (2022). Pell Access and Completion Series. Part II: Public and Non-Profit Four-Year Universities. https://ticas.org/wp-content/uploads/2022/07/Pell-Access-and-Completion_four-years.pdf

37 UC. (n.d.). Accountability Report 2023. Indicator 2.2.1. Undergraduate Pell Grant recipients, UC and comparison institutions, 2020-21. https://accountability.universityofcalifornia.edu/2023/chapters/chapter-2.html#a2.2.1

38 In our original report we used AY 2016-17 rather than AY 2017-18 IPEDS data—the year of student debt data provided by UCOP – because it was the most recent publicly available at that time.

39 The graduation rate of Pell Grant recipients at UC Davis decreased, and at UC Berkeley it remained the same.

40 Fall 2022 admissions rates at the nine undergraduate-serving UC campuses ranged from nine percent at UC Los Angeles to 89 percent at UC Merced. UC Berkeley had the second lowest (11 percent) admissions rate.

41 TICAS. 2021. Student Debt and The Class of 2020. https://ticas.org/wp-content/uploads/2021/11/classof2020.pdf

42 UCOP was able to provide debt by income ranges for dependent students but not independent students.

43 Racial/ethnic categories are those used by UC in their fall enrollment dashboard. UC. (2024). Fall enrollment at a glance. Retrieved July 9, 2024, from https://www.universityofcalifornia.edu/about-us/information-center/fall-enrollment-glance

44 The lowest income range for AY 2017-18 data provided by UCOP was $0-$29,000; in AY 2021-22 it was $0-$35,000.

45 UCOP. (n.d.). Institutional Research and Academic Planning: UC Undergraduate Experience Survey. Retrieved July 9, 2024, from https://www.ucop.edu/institutional-research-academic-planning/services/survey-services/UCUES.html

46 UCOP. (2022). 2022 UCUES Survey Administration Summary. https://www.ucop.edu/institutional-research-academic-planning/_files/survey-documents-undergraduate/ucues-2022-administration-report.pdf

47 UCOP. (2022). 2022 University of California Undergraduate Experience Survey (UCUES) 2022 Instrument. Question 58. https://ucop.edu/institutional-research-academic-planning/_files/survey-instruments/ucues-instrument-2022.pdf

48 Due to small sample sizes of less than 250 students, American Indian and Unknown race/ethnicity categories are excluded from this comparison.

49 Note that while both Table 1 and Table 3 capture AY 2021-22 BA recipients, Table 3 is only for students who responded to the UCUES.

50 This is based on statewide minimum wage. Students who secure higher paying jobs would be able to cover this cost with fewer weekly work hours. See: UC. (2022). Good News on Paying for College: Four Ways UC is Helping Families. Retrieved July 9, 2024, from https://www.universityofcalifornia.edu/news/good-news-paying-college-four-ways-uc-helping-families

51 California Department of Finance. (2022). Multi-Year Compact Between the Newsom Administration and The University of California: May 2022. https://dof.ca.gov/wp-content/uploads/sites/352/Programs/Education/UC-Compact-May-2022.pdf

52 UCOP. (2024). Discussion Item: Updates to Federal Financial Aid and Path to Debt-Free UC. https://regents.universityofcalifornia.edu/regmeet/may24/j2.pdf

53 UC. (n.d.). Tuition Stability Plan – Frequently Asked Questions. https://www.universityofcalifornia.edu/tuition-stability-plan-frequently-asked-questions-0

54 TICAS. (2022). California's Historic 2022-23 State Budget: Governor Newsom & the Legislature Commit to Investments in Students. https://ticas.org/california/affordability/california-budget/californias-historic-2022-23-state-budget-governor-newsom-the-legislature-commit-to-investments-in-students/

55 UC. (2023). Student Academic Preparation and Educational Partnerships (SAPEP) Outcomes. Retrieved July 9, 2024, from https://www.universityofcalifornia.edu/about-us/information-center/sapep_outcomes

56 Cunanan, M. (2023, July 18). UC disability services require a transformative investment. EdSource. https://edsource.org/2023/uc-disability-services-require-a-transformative-investment/694149

57 John Burton Advocates for Youth. (2023). Promising Partnerships: Supporting College Student Success Through Collaboration Between Basic Needs and Financial Aid Offices. https://jbay.org/wp-content/uploads/2023/03/Promising-Partnerships-Report.pdf

58 UC. (2024). Student Basic Needs. Retrieved July 9, 2024, from https://www.universityofcalifornia.edu/about-us/information-center/student-basic-needs

59 CSAC. (2023). 2023 Food and Housing Survey: Understanding Students' Basic Needs. https://www.csac.ca.gov/sites/main/files/file-attachments/food_and_housing_basic_needs_survey_2023.pdf

60 CSAC. (n.d.). Learning-Aligned Employment Program (LAEP). Retrieved July 9, 2024, from https://www.csac.ca.gov/learning-aligned-employment-program

61 AB 2586 would prohibit "the University of California, California State University, or California Community Colleges from disqualifying a student from being hired for an employment position due to the student's failure to provide proof of federal work authorization, except where that proof is required by federal law or where that proof is required as a condition of a grant that funds the particular employment position for which the student has applied." See: California Assembly Bill 2586. Public postsecondary education: student employment. https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202320240AB2586. As of August 28, 2024, AB 2586 has been passed by the California State Legislature and is headed to the governor's desk for his signature or veto.

62 UCOP. (2024). Institutional Financial Aid Programs. https://www.ucop.edu/operating-budget/_files/legreports/2023-24/uc_institutional_financial_aid_prgms_legrpt.pdf

63 The Education Trust–West and TICAS. Equity Alert: Keeping California's Promise: Investing Equitably in California College Affordability. https://west.edtrust.org/wp-content/uploads/2024/02/EdTrustWestTICAS_2023_EquityAlert.pdf

64 UC. (2024). February 2024 President Drake Letter to Secretary Cardona. https://www.ucop.edu/federal-governmental-relations/_files/Federal-Correspondence/02.29.24-mvd-to-sec-cardona_fafsa.pdf

65 TICAS. (2023). How Congress Can Strengthen the Pell Grant Program to Make College More Affordable for Millions of Americans. https://ticas.org/wp-content/uploads/2023/08/How-Congress-Can-Strenthen-the-Pell-Grant-Program-and-Make-College-More-Affordable-for-Millions-of-Americans.pdf.

Acknowledgements

This brief was authored by Laura Szabo-Kubitz with support from colleagues across TICAS and The University of California Student Association. We would like to thank the staff at the UC Office of the President for sharing data for this report and for their thoughtful feedback on this paper. We'd also like to thank the UC Student Association for their collaboration and review of this report. We are grateful to the funders who are supporting this report and others like it, including The College Futures Foundation, The Evelyn and Walter Haas, Jr. Fund, and The Bill & Melinda Gates Foundation.

The Institute for College Access & Success is a trusted source of research, design, and advocacy for student-centered public policies that promote affordability, accountability, and equity in higher education. To learn more about TICAS, visit ticas.org and follow us on X at @ticas_org.

The University of California Student Association is the official voice of students from across the UC's system of campuses. It is our mission to advocate on behalf of current and future students for the accessibility, affordability, and quality of the University of California system. To learn more about UCSA, visit ucsa.org and follow us on X at @_UCSA.