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*Chair of the Assembly and the Academic Council
Faculty Representative to the Board of Regents
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200*

February 2, 2009

**PRESIDENT MARK YUDOF
UNIVERSITY OF CALIFORNIA**

Re: Proposed Blue and Gold Opportunity Plan

Dear Mark:

This letter is an updated version of my letter of January 30, 2009. It reflects one correction of the procedural record and addition of written comments from two Divisions. Academic Council endorsed the Blue and Gold proposal with one abstention at its January 28, 2008 meeting. UCSB, BOARS, UCPB, UCAP, UCSC, and Riverside submitted written comments. Please note that we had limited information on the details of this proposal. While I am including all comments received, some of the concerns expressed were diminished or allayed after your presentation at Council.

Overall, Council supports this proposal as a good method for informing students from lower socio-economic backgrounds that they can afford UC. UCPB noted that the plan simplifies the financial aid process, and makes clear the extent of aid available. It also simulates well-publicized programs at other institutions. In addition, BOARS remarked that the \$3.1 million price tag is a "bargain-priced pragmatic approach in a time of incredible economic challenge."

Nonetheless, Council raised a number of concerns. Most pressing is how this program would fit into the University's current financial aid system, especially in the context of Governor Schwarzenegger's threat to freeze Cal Grant funding at current levels despite pending fee increases at UC and CSU. There is a need for clarification on whether the Blue and Gold plan will be possible without full funding of Cal Grants to encompass increased fees. If Cal Grants are insufficient, additional University funds will be needed to cover the financial aid gap for the neediest students (BOARS). A related concern is the net impact of this program. According to UCOP's estimates, only 1,051 undergraduates who are eligible to have their fees covered through the Blue and Gold program will not already be covered by other financial aid sources like Cal, Pell, and UC grants. It should also be noted that the plan only covers students who graduate in four years (UCPB). After your presentation at Council, there was greater understanding that this plan is meant to clarify coverage for these students, not necessarily expand coverage. However, UCSB felt that the section defining the income cut-off for "financially needy" students (particularly from families earning between

\$60,000 and \$100,000) should be better explained. The division also suggested that a comprehensive review of the relevant data is required and more time should be provided for future proposals.

Council also noted that the increase in the current return-to-aid model to fund the Blue and Gold plan may have an impact on the campuses by reducing funding for other programs (UCAP, UCPB). As a fee-discount plan, it will continue to shift the burden of higher fees and financial aid funding away from the state and onto middle class students and families (BOARS, UCPB). In general, higher student fees do have a negative impact on access (BOARS, UCPB), which runs counter to the goals of the plan. Although UCPB noted that this is a relatively inexpensive program, it nevertheless increases costs by \$3.1 million, thereby reducing funding for other initiatives and programs (UCAP, UCPB).

Finally, some members voiced the concern that while the proposed plan does indeed simplify UC's financial aid in some ways, it may limit the discretion that campus financial aid officers have to limit aid offers to students whose financial aid applications reflect sophisticated tax strategies designed to lower family incomes. In a similar vein, UCPB pointed out that some students qualify for aid by misrepresenting their parents' income and financial resources, and there are other students whose family income is calculated to be too high to qualify them for aid, but whose parents are unwilling to contribute to their college expenses. Students and parents need to be confident that UC's current method of determining financial aid eligibility is fair and transparent. Similarly, the campus financial aid offices still need some flexibility in defining financial need. Finally, there should be better auditing and monitoring mechanisms in place to ensure that truly needy students qualify for, and receive, financial aid.

Overall, the Academic Council would like to thank you for addressing the needs of students and for proposing creative ideas and solutions. Please do not hesitate to contact me if you have any questions regarding Council's comments.

Sincerely,

A handwritten signature in black ink that reads "Mary Croughan". The script is cursive and fluid, with the first name "Mary" and last name "Croughan" clearly distinguishable.

Mary Croughan, Chair
Academic Council

Copy: Academic Council
Martha Winnacker, Senate Director

UNIVERSITY OF CALIFORNIA, SANTA BARBARA

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Joel Michaelsen, Chair
Deborah Karoff, Executive Director

January 30, 2009

Mary Croughan, Chair
Academic Senate

RE: Proposed Blue and Gold Opportunity Plan

Dear Mary,

The UCSB Division of the Academic Senate has reviewed and endorses the Proposed Blue and Gold Opportunity Plan.

The Council on Planning and Budget (CPB) and the Undergraduate Council (UgC) each reviewed the proposal. Of primary concern to CPB is the requested short turn around time to review the proposal; Council suggests that a comprehensive review of the relevant data is required and more time should be provided for future proposals. CPB notes some confusion in the income cut-off of "financially needy" students (families earning less than \$60,000 or less than \$100,000) and thinks this section needs more clarity.

Both CPB and UgC recommend that the document be presented with greater clarity and transparency such that UC students and parents can fully understand the program.

Sincerely,

A handwritten signature in black ink, reading "Joel Michaelsen".

Joel Michaelsen, Chair
UCSB Division



BOARD OF ADMISSIONS AND RELATIONS WITH SCHOOLS (BOARS)

Sylvia Hurtado, Chair
sylvia.hurtado@gmail.com

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January 20, 2009

MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL

Re: Blue and Gold Opportunity Plan

Dear Mary,

The Board of Admissions and Relations with Schools (BOARS) has reviewed the President's proposed new financial aid guarantee program, "The Blue and Gold Opportunity Plan." The program is intended to cover system-wide fees through scholarship and/or grant awards for all UC undergraduates with household incomes up to \$60,000. In general, BOARS supports the plan for the reasons stated below. We would also like to note a few caveats and concerns about it and UC's financial aid system as a whole.

It is important to note that the Blue and Gold plan would cover only the system-wide educational and registration fees (\$7,126 in 2008-09), not room and board or other campus-based fees that comprise the bulk of a student's college living expenses (\$25,300 total estimated average costs). The plan also assumes a 9.3% increase in student fees next year, a portion of which would fund Blue and Gold through a slight modification of the current return-to-aid model. Finally, UCOP estimates that out of all the undergraduates eligible to have fees covered through Blue and Gold, only 1,051, or 2% of them will not already be covered by other financial aid sources like Cal, Pell, and UC grants.

We believe the Blue and Gold Opportunity Plan is a step in the right direction that goes part of the way to match similar programs at competing universities that have garnered much positive press coverage. To be sure, Blue and Gold is essentially a marketing campaign, but the public relations element of the initiative is appropriate and important, because it will help communicate a clear message, particularly in underserved communities, that a UC education is affordable and accessible. It could get the attention of students from under-represented groups who hadn't considered UC and encourage them to apply and enroll at the University. It also assures the public that, while UC must raise fees in the context of declining state-aid, we are still committed to helping low- and middle-income students afford a UC education. In short, the Blue and Gold Guarantee, at \$3.1m, is a bargain-priced pragmatic approach in a time of incredible economic challenge.

Concerns

The Blue and Gold program will probably have little net impact on needy students, most of whom will already be receiving Cal Grants to cover their fees. Moreover, because it does not cover the entire cost of attending UC, the Blue and Gold could be seen as a lesser substitute for a more complete financial aid approach that takes into account the total cost of a college education. It may also be seen as contradictory for UC to send a message about its affordability while simultaneously raising fees, and we can't escape the fact that higher student fees generally have a negative impact on access. Finally, as a fee-discount plan, it will continue to shift the burden of higher fees and financial aid funding away from the state and onto middle class students and families, many of whom are also in need and will be forced to work more hours and/or take on more debt. The result is minimal social change and further privatization of public higher education.

We wondered if sustaining this program will adversely impact our existing comprehensive undergraduate financial aid program, which explicitly considers the total cost of attendance – not just system-wide fees – and focuses on keeping self-help (work-study and loans) at manageable levels. It is built on the assumption that Cal Grant and UC grant levels may need additional funds in the future to sustain existing packages for the neediest students. In addition, the program is intended to be simple and easy to understand, but BOARS initially had some difficulty understanding it, which may be a bad sign considering the financial aid system is already confusing enough to parents and students outside the system.

Recommendation

Notwithstanding these concerns, we support the concept of the Blue and Gold plan as a way to convey the important message that UC remains affordable. We note that UC's existing financial aid model has been successful in helping to enroll a high percentage of low income students, a record UC should proudly advertise more widely. If graduating senior debt levels are lower at UC than other institutions, we should also tout this fact. We highly recommend that the new "guarantee" to this target group be folded into the existing financial aid program and made permanent, with UC's entire financial aid program renamed as the Blue and Gold Opportunity Plan. The unique features can detail who benefits from all types of aid under the Blue and Gold plan and what parents of different income levels can do to take advantage of the opportunity. Meanwhile, we encourage UC to present financial aid policies that maintain and enhance affordability and accessibility and keep self-help at manageable levels.

Sincerely,



Sylvia Hurtado
BOARS Chair

cc: BOARS
Martha Winnacker, Senate Executive Director



UNIVERSITY COMMITTEE ON ACADEMIC PERSONNEL (UCAP)
Steven Plaxe, Chair
splaxe@ucsd.edu

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January 21, 2009

MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL

Re: PROPOSED BLUE AND GOLD OPPORTUNITY PLAN

Dear Mary,

UCAP reviewed President Yudof's Proposed Blue and Gold Opportunity Plan. Although it is not primarily a UCAP matter, it may have implications regarding competing priorities. Any additional cost of this proposal will have to come at the expense of another worthy program or initiative.

Sincerely,

A handwritten signature in cursive script that reads "Steven Plaxe".

Steven Plaxe, Chair
UCAP



UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)

Patricia A. Conrad, Chair

paconrad@ucdavis.edu

Assembly of the Academic Senate

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Phone: (510) 987-9466

Fax: (510) 763-0309

January 22, 2009

MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL

Re: Blue and Gold Opportunity Plan

Dear Mary,

The University Committee on Planning and Budget (UCPB) has reviewed the President's proposed new financial aid guarantee program, "The Blue and Gold Opportunity Plan," which is intended to cover system-wide fees through scholarship and/or grant awards for all undergraduates with household incomes up to \$60,000.

We note that the plan assumes a 9.3% increase in student fees next year, a portion of which would fund Blue and Gold through a slight modification of the current return-to-aid model. Blue and Gold would cover only the educational and registration fees, not room and board expenses or other campus-based fees. UCOP also estimates that only 1,051, or 2% of undergraduates eligible to have fees covered through the plan, will not already be covered by other financial aid sources like Cal, Pell, and UC grants.

The complexity of the financial aid offered by UC at present obscures the extent of the aid available, and leads prospective students and their families to have falsely inflated estimates of the cost of a UC education. The Blue and Gold Opportunity Plan simplifies the aid process, and makes clearer the extent of aid available.

We have several concerns about the plan. First, the Senate has been given neither sufficient time nor information to make a carefully reasoned response to the proposal, which UCPB received after our January meeting with a very short response deadline. As such, we were not able to review the proposal at an in-person meeting where we could have deliberated more effectively, perhaps with financial aid experts present to answer questions. In particular, exactly how is the current financial aid system complex? What hard data does UCOP have about the extent and type of misperceptions that prospective students and their families have about the cost of a UC education? What hard data does UCOP have about how the complexity of the current financial aid system causes these misperceptions?

Second, the Blue and Gold Opportunity Plan would increase costs by about \$3 million at a time when faculty and staff are being subjected to mission-impairing cost-cutting measures. It seems possible that UC could simply market the current financial aid system in a well-conceived advertising campaign, without adding another \$3 million in costs.

Undoubtedly, many students will view the Blue and Gold Plan's message about UC's affordability and the 9.3% fee increase planned for 2009-10 as paradoxical. Fee increases are always difficult for students and parents struggling with financial hardships, and many will consider this round of increases as an unacceptable way to solve the budget crisis, which could cancel out any public relations benefit of the Blue and Gold plan.

The Blue and Gold plan and accompanying fee increases also have the effect of shifting more of the fee burden onto middle class students and families, who are also struggling to afford UC in a down economy and incurring more debt and work-study commitments in the process. Sustaining this model in the long term could lead to greater privatization of the University and further alienate the California citizenry.

The Blue and Gold plan covers only students who graduate in four years (two years for transfers), despite a growing number of students who enter UC as freshmen and transfers who are unable to graduate in four years due to factors like heavy class load, work-study responsibilities, course impaction, and, for transfers, campus-specific requirements. Many of these students are working long hours to finance their education, pursuing internships and volunteer opportunities, and as a result, taking fewer credits. Fee hikes also exacerbate time-to-degree, as more students are forced to work more hours to pay their fees. There is a risk that students who cut personal costs and increase work hours will be penalized by this system. In any case, the number of years it takes a student to complete a degree should not automatically be used to gauge financial aid worthiness.

UCPB's student representatives also raised concerns about using household income to establish financial aid eligibility. They pointed out that there are instances of students who qualify for aid by misrepresenting their parents' income and financial resources, and there are other students whose family income is calculated to be too high to qualify them for aid, but whose parents are unwilling to contribute to their college tuition. Students and parents need to be confident that UC's current method of determining financial aid eligibility is fair and transparent. There should be better auditing and monitoring mechanisms in place to ensure that truly needy students qualify for and receive aid. It was also noted that neither the current financial aid system nor the Blue and Gold Opportunity Plan cover living costs, which comprise the lion's share of a student's college expenses.

In short, it seems likely that the Blue and Gold Plan will have a positive effect in marketing the University to some low income students, but it is unclear what the objective of the plan is beyond a marketing tool, who exactly will benefit, and how the newly covered students will be determined. We also see evidence that UC needs to take a closer look at its financial aid system. Finally, UCPB would like to support you in your continued efforts to persuade UCOP that Senate committees need sufficient time and information to provide their considered opinions on proposals and ensure effective shared governance.

Sincerely,



Patricia Conrad
UCPB Chair

cc: UCPB
Martha Winnacker, Senate Executive Director



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SANTA CRUZ DIVISION
125 CLARK KERR HALL
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February 2, 2009

Mary Croughan, Chair
Academic Council

RE: UCSC Response to the Blue and Gold Opportunity Plan

Dear Mary,

My committees that were able to respond on the anomalously short-time frame for comment on this proposal unambiguously supported the intent of the Plan, and applauded President Yudof's goal of offering "a straightforward financial aid message to reassure low-income students and families that UC is financially accessible, especially during these tough economic times. The proposal's goal is to make sure lower-income families no longer need to worry about how they will cover UC's basic student fees." Naturally, such a plan can only be successful in achieving this goal if it is broadly marketed to students from populations that do not normally consider the University of California.

Having endorsed the intentions and goals of the proposal, my campus had several concerns, and particularly expressed worries that, as with many well-intentioned proposals, there might be devils-lurking-in-the-details. We sincerely hope that OP has conducted more analytic due diligence on this Plan than is evident from the brief proposal that we received. Here are the concerns raised by my campus committees:

- We are concerned about what appears to be the removal of any degree of campus-level financial aid discretion for students who qualify for the Plan. A significant number of students on our campus come from families that have complex tax strategies that produce low adjusted gross incomes and low taxes. Indications that such families have "sheltered" income include large write-offs associated with apparent losses or depreciation in investments (non-residential real estate and otherwise) or family-run corporations. Presently, our campus tries to identify such students who likely have less need than those without "sheltered" income in determining the need for UC-funded gift aid: this practice is in accord with that at many private institutions. This practice, which helps ensure fairness of allocation in our very limited financial aid budget, has resulted in an approximately 1 million dollar discrepancy between estimates by our campus and the Office of the President on the cost of this Plan at UCSC. Naturally, our interest is in ensuring that our neediest students receive aid, and we are concerned that a strict federal definition of income will, on our campus, shift aid from truly needy students to those whose families are sophisticated enough to "game" the taxation and financial aid system. There are perhaps nuanced means

of shifting the wording of the proposal to preserve some level of campus discretion in this area, while preserving the overarching principle of support for families with low incomes.

- If the plan is successful, it will attract more low-income students to UC: a wonderful outcome. However, in times of budgetary stress, constructing long-term sustainable plans and realistic budgetary projections is really necessary, and we were troubled that the only cost estimates were based on a snapshot from our current student demographics. Perhaps this is all that is possible; but ball-park estimates moving forward on the possible future expenses of the program would have been immensely valuable in its consideration (we can envision expense estimates based on different levels of increases in our low-income student population).
- Having endorsed the intent of the initiative, we would pose the supplementary question of whether the California median income (\$60,000) is the appropriate bar to set for eligibility to the plan. While one advantage of using the median income is that the apparent costs are comparatively modest, we were disappointed that no analysis was presented of the financial ramifications of setting the bar at –say– \$65,000 or 70,000. While we recognize the public relations value of saying that students below the median income are eligible, we also would have liked to see the cost of Plan/family income threshold trade-off. The strain for a family making \$65,000/year of a UC education is formidable, and we would have liked to proceed with at least some concept of the trade-offs between cost to the university and the income threshold of the Plan.
- In this vein, the possible sequential impact that this plan might have on families in the next tier of income (e.g., \$60,000 to \$80,000) should be examined, and continue to be evaluated should this plan be adopted. These families may be the most affected by the current recession, in being not quite eligible for the full range of public and university support, and therefore could be ultimately unable to afford an education at our university.

Let me close by being entirely clear: UCSC SUPPORTS THE INTENT of the Blue and Gold Plan. We simply want to make sure that any such plan is phrased in a manner that is of most benefit to our most needy students (present and future), and that we have a concept of the ramifications from a long-term budgetary perspective, as well as ongoing assessments of the impacts on those students who barely miss eligibility for the plan. In this instance, intent is valuable, but ensuring that we understand ancillary impacts, and crafting the wording right to best accomplish our goals is also vital.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin Williams". The signature is fluid and cursive, with the first name "Quentin" written in a larger, more prominent script than the last name "Williams".

Quentin Williams, Chair
Academic Senate
Santa Cruz Division



CHAIR, ACADEMIC SENATE
RIVERSIDE DIVISION
UNIVERSITY COLLEGE BUILDING, RM 225

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February 2, 2009

Mary Croughan
Professor, Obstetrics, Gynecology, and Reproductive Sciences
Chair, UC Systemwide Academic Senate
1111 Franklin St., 12th Floor
Oakland, CA 94607

Dear Mary:

**RE: PROPOSED BLUE AND GOLD OPPORTUNITY PLAN:
Briefing for January 2009 Council of Chancellors**

The UCOP Blue and Gold Opportunity Plan was submitted to Planning and Budget, Educational Policy, Undergraduate Council, Diversity and Equal Opportunity and Preparatory Education Committees for review. All the five committees that reviewed the proposal thought that overall, it was a good proposal in that more students will be receiving financial aid. It was suggested that UCOP make the financial aid information more easily obtainable on a single website to make the application process smoother. There is a typo in Attachment A, line 1 of text, it should be Blue and Gold Opportunity Plan (not Blue and Goal). They also had the following comments:

Page 1 contains the following statement: "Under the new Blue and Gold, (UC will) provide that financially needy undergraduates with income up to the median for California households (\$60,000) and enrolled in their first four years (two years if a transfer) will have UC systemwide fees covered by scholarship or grant awards."

Committee on Educational policy thought there were two problems here – first, "the blanket eligibility of two years for transfer students misses the fact that some students transfer to UC after only one year. It would be unfair for these students to be limited to two years of financial aid. Secondly, the general aid eligibility of 4 years for entering freshmen and two years for transfer students may not be reasonable. Transfer students frequently take three years to graduate, and other students may take more than four years, especially if they enter with academic deficiencies or are unable to carry a full unit load every semester or quarter."

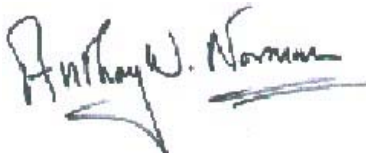
A few questions arose that needed clarification:

1. Are the students who receive additional grant support to help defray the costs of books, living expenses, transportation, etc., a subset of the students who receive support from the Blue and Gold Opportunity Plan?
2. Are the funds for this plan based entirely on the expected fee increases?
3. How was the figure of 0.7% in the Implementation Cost Table in Attachment B derived?
4. What does the phrase "Capped at Need" in Table B-1 mean?

With regards to issues of diversity, the Committee on Diversity and Equal Opportunity had this to add:

“First, while the Blue & Gold plan is designed to attract middle income families who may otherwise choose private colleges due to fee increases at the UC, this is done at the expense of lower income families. In part, funding for Blue & Gold will be diverted from grants now going to lower income families. These students and their families will have an additional burden by having to make up the difference by taking out loans and work study jobs (instead of outright grants). Second, lower income families may be less likely to have the human and cultural capital to wade through all financial aid information or understand the difference between loans that are federally versus privately funded. There is a concern about excluding students who have already defaulted on loans, as it is more likely that these are the low income students who are most vulnerable to having been hooked into taking on private loans vs. federal loans (see LA Times article Dec 28, 2008). Consequently, a group that is most in need of financial assistance seems to be denied the opportunity for Blue and Gold aid. At minimum, there should be a mechanism where students who have defaulted on loans should be able to plead their case and not be discounted outright.”

Sincerely yours,

A handwritten signature in black ink, reading "Anthony W. Norman". The signature is stylized with a large, sweeping "A" and a horizontal line at the end.

Anthony W. Norman
Distinguished Professor of Biochemistry and
Biomedical Sciences; and
Chair of the Riverside Division

CC: Martha Kendall Winnacker, Executive Director of the Academic Senate
Sellyna Ehlers, Director of UCR Academic Senate office