

**December 14, 2011**

## Berkeley MCap: Frequently Asked Questions

On Dec. 14, 2011, Chancellor Birgeneau announced the Berkeley Middle Class Access Plan (Berkeley MCap), a new financial aid program at UC Berkeley that will help middle-class families more easily afford an undergraduate education. Below are answers to some frequently asked questions.

### **How will Berkeley MCap help middle-class families?**

It will cap the amount that parents pay toward the total cost of their dependent undergraduate student's education at UC Berkeley at no more than 15 percent of parent income. Families whose gross income ranges from \$80,000 to \$140,000 annually and who have typical assets will qualify. The total cost of attending UC Berkeley includes tuition, fees and expenses such as room, board and books.

This financial aid is being provided by UC Berkeley to help families offset costs and does not need to be repaid. It is part of Chancellor Birgeneau's ongoing effort to make a UC Berkeley education more affordable and to help ensure a diverse cross section of students on campus.

### **Why is the plan being launched now?**

Tuition rates have doubled in the last six years, and middle-income families' salaries have not kept pace. The current cost for a California resident of attending UC Berkeley is \$32,634, which includes \$12,834 in tuition and fees. The ongoing state budget crisis also has prompted the campus to do more to help middle-income families. With the Berkeley MCap program, UC Berkeley is leading the way among major public universities toward a more comprehensive approach to making an undergraduate education more affordable for all.

The parameters of the program will be reviewed on an annual basis.

### **What assistance has the campus been providing to middle-income families?**

About half the UC Berkeley families in the \$80,000-\$140,000 income band already receive some form of financial aid (grants and/or loans), and about a quarter of all the families in this group already contribute less than 15 percent of their income. Last year, UC Berkeley introduced a new middle-income grant of up to \$3,500 for families with incomes below \$120,000 to help offset recent tuition increases. Prior to last year, these households were offered smaller grants to help cover half of the cost of increased tuition.

The Berkeley MCap program expands upon these efforts by guaranteeing that parents of a qualifying student will pay no more than 15 percent of their income toward the total cost of a UC Berkeley education.

### **How many families is the Berkeley MCap program expected to help?**

About 6,000 undergraduate students come from families in this income range.

### **When will the plan go into effect?**

Financial aid awarded through this program will be for the 2012-13 school year, which begins in August 2012. Students need to complete the Free Application for Federal Student Aid, or FAFSA, to be considered. The FAFSA will be available Jan. 2, 2012, and should be completed by March 1 for priority consideration.

### **What are the typical assets families need to qualify for financial aid?**

Campus financial aid officials generally consider typical assets for middle-income families to be an adjusted net worth of less than \$200,000. This usually reflects the total amount of money one has in cash, savings, checking, investments and equity in real estate.

Approximately  
**67%** of all  
current undergraduates  
receive some form of  
financial aid

other than the home, and also one's business net worth. Not considered are one's primary home equity and formal retirement assets such as 401K, 403b, IRA or Keogh accounts.

The Financial Aid Office makes the final determination about each family's expected contribution by considering all factors affecting the family's overall financial situation and ability to pay.

### How does the 15 percent cap work?

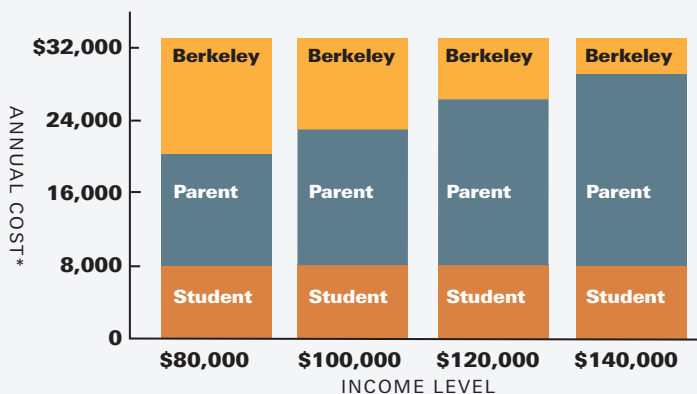
For a California family in the \$80,000-\$140,000 income range, the expected parent contribution will not be greater than 15 percent of the family income. For out-of-state students, the additional \$22,878 that they pay in non-resident fees will not be factored into this cap. Students in the MCap program, like all other UC Berkeley students, are expected to contribute to the total cost of their education through personal savings, work or loans.

### Are international students eligible for the program?

International students are currently not eligible for federal, state or institutional aid at UC Berkeley, and are expected to have personal funds available for the entire cost of their education before enrolling. That expectation will not change as a result of this program.

### IMPACT OF BERKELEY MCap

(Hypotheticals, based on 2011-2012 academic year)



\*Cost includes tuition, fees and expenses, such as room, board and books.

Approximately  
**40%** of all  
 current undergraduates  
 effectively pay no tuition

### How do families apply for consideration?

Families need to complete the Free Application for Federal Student Aid (FAFSA). Some families may have to provide additional documents verifying their household situation, income or assets. If a family qualifies, an offer will automatically be made by the Financial Aid Office. Students can view this offer on myfinancialaid.berkeley.edu.

### Do other universities have a similar program?

Some private institutions provide this type of aid for undergraduate students. UC Berkeley officials believe the campus is the first of its size and stature to provide a parent income cap financial aid program for undergraduate families and is leading the

way on this effort within the UC system.

### What else is UC Berkeley doing to make education more affordable?

At UC Berkeley, with its longstanding tradition of keeping access to excellence affordable, more than 67 percent of undergraduate students currently receive financial aid, and its undergraduate and graduate students combined receive more than \$600 million in grants, loans, work-study, fellowships and scholarships. Over 40 percent of all current undergraduates effectively pay no tuition (meaning grant financial aid exceeds the cost of tuition).

UC Berkeley undergraduates who graduate with any loans (approximately 40 percent of students) have an average debt of \$16,056, as compared to the national average of \$25,000 for two-thirds of graduating students.