



Michael V. Drake, MD  
President

January 8, 2021

Office of the President  
1111 Franklin St.  
Oakland, CA 94607

[universityofcalifornia.edu](http://universityofcalifornia.edu)

CHANCELLORS

Dear Colleagues:

I am writing to announce campus allocations of State General Fund support for basic needs and rapid rehousing, specifically pertaining to Basic Needs Innovation Grant funding.

In light of the COVID-19 pandemic and its impact on students' basic needs, the UC Office of the President will redirect the 2020–21 Basic Needs Innovation Grant funding of \$2.5 million to supplement UC basic needs support and services. Campuses may use these funds for the following:

- Emergency support for students directly affected by COVID-19 (e.g., housing costs associated with a quarantine, etc.)
- Direct aid to students to support food and housing needs
- Food and housing resources for marginalized or under-resourced student populations including low-income, LGBTQ, community college transfer, disabled, parenting, undocumented, military-affiliated and current/former foster students, as well as students affected by their own or a family member's experience with incarceration

Direct support for students should be coordinated with campus financial aid offices and in alignment with the *Treatment of Basic Needs Support in Financial Aid at the University of California*, issued in November 2019. These funds are to be used in accordance with the Budget Act of 2019, which states that the funds “shall be available to support meal donation programs, food pantries serving students, CalFresh enrollment, and other means of directly providing nutrition assistance to students. The funds shall also be used to assist homeless and housing-insecure students in securing stable housing.”

To receive your campus allocation, each campus will be required to submit a campus spending plan. Campus spending plans must be endorsed by the Vice Chancellor overseeing the basic needs committee, the Vice Chancellor for Planning and Budget (or equivalent), and the Chancellor. As you complete your spending plan, I strongly encourage you to collaborate with your local basic needs committee and to seek input from students.

CAMPUSES

- Berkeley
- Davis
- Irvine
- UCLA
- Merced
- Riverside
- San Diego
- San Francisco
- Santa Barbara
- Santa Cruz

MEDICAL CENTERS

- Davis
- Irvine
- UCLA
- San Diego
- San Francisco

NATIONAL LABORATORIES

- Lawrence Berkeley
- Lawrence Livermore
- Los Alamos

Please submit your campus spending plans by **Monday, January 25, 2021** via the following submission form: <http://bit.ly/BasicNeedsInnovationGrant>

If you have any questions, please do not hesitate to contact Genie Kim, Director of Student Mental Health and Well-being, at [Genie.Kim@ucop.edu](mailto:Genie.Kim@ucop.edu).

Sincerely,

A handwritten signature in black ink that reads "Michael V. Drake" with a stylized flourish at the end.

Michael V. Drake, MD  
President

Attachments: Basic Needs Innovation Grant Reference Materials  
Basic Needs Innovation Grant Spending Plan Template

cc: Executive Vice Chancellors/Provosts  
Vice Chancellors for Planning and Budget  
Provost and Executive Vice President Brown  
Executive Vice President and Chief Financial Officer Brostrom  
Vice President and Vice Provost Gullatt  
Associate Vice President Alcocer  
Associate Vice Provost Halimah  
Director Kim  
Acting Director Heng

Campus allocation of state funds appropriated for 2020–21 Basic Needs Innovation Grant funding to address food and housing insecurity and rapid rehousing efforts in the 2019 Budget Act.

<i>Campus</i>	<i>2020–21 Basic Needs Innovation Grant Allocations</i>
Berkeley	320,000
Davis	348,000
Irvine	337,000
Los Angeles	304,000
Merced	104,000
Riverside	264,000
San Diego	323,000
San Francisco	18,000
Santa Barbara	272,000
Santa Cruz	210,000
<b>Total</b>	<b>2,500,000</b>

Text from the Budget Act of 2019 Related to Appropriations  
to Address Food and Housing Insecurity

***\$15 million for student food and housing insecurity:***

(a) Of the funds appropriated in this item, \$15,000,000 shall be available to support meal donation programs, food pantries serving students, CalFresh enrollment, and other means of directly providing nutrition assistance to students. The funds shall also be used to assist homeless and housing-insecure students in securing stable housing.

(b) The University of California shall report to the Department of Finance and relevant policy and fiscal committees of the Legislature by March 1, 2020, and each year thereafter regarding the use of funds specified in this provision. The report shall include, but not necessarily be limited to, all of the following information:

- (1) The amount of funds distributed to campuses, and identification of which campuses received funds
- (2) For each campus, a programmatic budget summarizing how the funds were spent. The budget shall include any other funding used to supplement the General Fund.
- (3) A description of the types of programs in which each campus invested
- (4) A list of campuses that accept or plan to accept electronic benefit transfer
- (5) A list of campuses that participate or plan to participate in the CalFresh Restaurant Meals Program
- (6) A list of campuses that offer or plan to offer emergency housing or assistance with long-term housing arrangements
- (7) A description of how campuses leveraged or coordinated with other state or local resources to address housing and food insecurity
- (8) An analysis describing how funds reduced food insecurity and homelessness among students, and, if feasible, how funds impacted student outcomes such as persistence or completion
- (9) Other findings and best practices implemented by campuses

***\$3.5 million for rapid rehousing efforts:***

(a) Of the funds appropriated in this item, \$3,500,000 shall be available to support rapid rehousing efforts assisting homeless and housing-insecure students.

(b) Campuses shall establish ongoing partnerships with community organizations that have a tradition of helping populations experiencing homelessness to provide wrap-around services and rental subsidies for students. Funds appropriated in the item may be used for, but authorized uses are not limited to, the following activities:

- (1) Connecting students with community case managers who have knowledge and expertise in accessing safety net resources
- (2) Establishing ongoing emergency housing procedures, including on-campus and off-campus resources
- (3) Providing emergency grants that are necessary to secure housing or to prevent the imminent loss of housing

(c) Funding shall be allocated to campuses based on demonstrated need.

- (d) The terms “homeless” and “housing insecure” shall be defined in relation to students who lack a fixed, regular and adequate nighttime residence. This includes students who are in the following situations:
- (1) Sharing the housing of other persons due to loss of housing, economic hardship or a similar reason
  - (2) Living in motels, hotels, trailer parks or camping grounds due to the lack of alternative adequate accommodations
  - (3) Living in emergency or transitional shelters
  - (4) Abandoned in hospitals
  - (5) Living in a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings
  - (6) Living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations or similar settings
- (e) The University of California shall submit a report to the Director of Finance and, in conformity with Section 9795 of the Government Code, to the California State Legislature by July 15, 2020, and annually thereafter, regarding the use of these funds, including the number of coordinators hired, number of students served by campus, distribution of funds by campus, description of the types of programs funded, and other relevant outcomes, such as the number of students that were able to secure permanent housing and whether students receiving support remained enrolled at the institution or graduated.

The University of California has been providing support for students facing basic needs insecurity for the past five years. In 2019-20, UC received \$15M in basic needs support from the State and an additional \$3.5M in rapid rehousing support. A portion of the \$18.5M will be used for programmatic support, but a significant portion will also be delivered as direct support to students.

UC financial aid leadership has developed the following guidance to help coordinate and, in some cases, maximize, basic needs support for students, while also complying with relevant federal, state, and University policy. With annual federal audits and occasional California Student Aid Commission audits, the importance of protecting UC students' access to \$4.3B in financial aid by ensuring that \$18.5M is coordinated properly with financial aid rules is critical.

These guidelines are informed by federal student aid regulations, other UC campus practices, students' best interest within the parameters of the law, and in consultation with UCOP. They are meant to provide guidance to UC financial aid professionals as well as provide background for basic needs professionals across UC. They are subject to revision as the University's basic needs support evolves.

## Financial Aid Basics

Two relevant frameworks in financial aid inform this guidance.

### ***Federal "Financial Need" Framework***

The basic formula that governs financial aid eligibility for anyone that is receiving federal aid is below:

$$\text{Cost of Attendance} - \text{Expected Family Contribution} = \text{Financial Need}$$

Students receiving federal financial aid cannot receive more gift aid (e.g., grants, scholarships) or other need-based financial aid (e.g., subsidized Direct Loans, work-study) than their financial need.<sup>1</sup> Nor can students receive more total financial aid, including non-need-based loans, than the total cost of attendance.

- **The Cost of Attendance (COA)** or student expense budget includes the following components: Tuition & Fees, Room & Board, Books & Supplies, Transportation, and Miscellaneous Personal Expenses. The COA can only include expenses for periods of enrollment and may not include, for example, expenses for a summer session before a student enrolls.

UC sets its cost of attendance using a combination of administrative data for direct charges to students (i.e., tuition) and survey data for indirect costs (i.e., food). Like most colleges and universities, UC sets three budgets based on average expenses for those living at home, those living on campus, and those living off campus. If a student has additional expenses in excess of this standardized budget, such as child-care, medical expenses, etc., they may request a COA

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<sup>1</sup> The State of California uses a similar framework for Cal Grants, so undocumented students who may qualify for State support are also subject to this framework.

budget adjustment by providing supporting documentation. This provides an opportunity to address aid and support on a case by case basis when increased adjustments are justifiable and needed.

This combination of these costs represents the upper limit of need-based financial aid a student can receive, including non-need-based financial aid.

- **Expected Family Contribution (EFC)** is the amount that the federal government calculates that a student's family can contribute to the cost of a student's education. It takes into account the family's income, some assets, and family size as reported on the Free Application for Federal Student Aid (FAFSA).<sup>2</sup> Some relevant parts of the FAFSA and EFC:
  - The EFC has two parts: The Expected Parent Contribution and the Expected Student Contribution.
  - Income and family size are the primary drivers, but assets can play a role as well.
  - The EFC calculation accounts for a modest amount of living expenses that are protected from being assessed as available for covering college costs called the "Income Protection Allowance." Financial aid offices need to account for this when considering adjustments to the COA.
  - The FAFSA collects information on both taxable income, such as wages, and untaxed income. Some of the basic needs support may be untaxed income that should be reported on the following year's FAFSA.
- **Financial need** as it is used here refers to the difference between the COA and the EFC, not the subjective need that students or families feel. In general, this represents the upper limit to the amount of gift and need-based financial aid that a student can receive.
- **Dependency for financial aid** purposes is defined by the federal government. In general, unmarried students who are under 24 and do not have their own children are considered dependent on their parents for financial aid purposes.<sup>3</sup> If those parents can not or do not contribute the EFC, it can lead to a hardship for some students.

In extreme circumstances (e.g., documented abusive home environment), students can petition to be treated as independent, called a "dependency override." However, neither refusal on the part of parents to contribute nor a student living on their own qualifies for such an appeal.

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<sup>2</sup> Undocumented students who qualify for "AB 540" can file a similar application call the California Dream Act Application, or CADAA, with the California Student Aid Commission. The CADAA produces an EFC as well.

<sup>3</sup> Other circumstances that make students under 24 "independent" include veterans, foster youth, former foster youth, students in legal guardianships, and homeless youth.

**Education Financing Model: The University’s Framework**

For compliance purposes, the federal framework is key. To understand how UC students’ financial aid packages are typically constructed, an understanding of the Education Financing Model, or EFM, is helpful. The basic formula for how UC constructs financial aid packages is below.

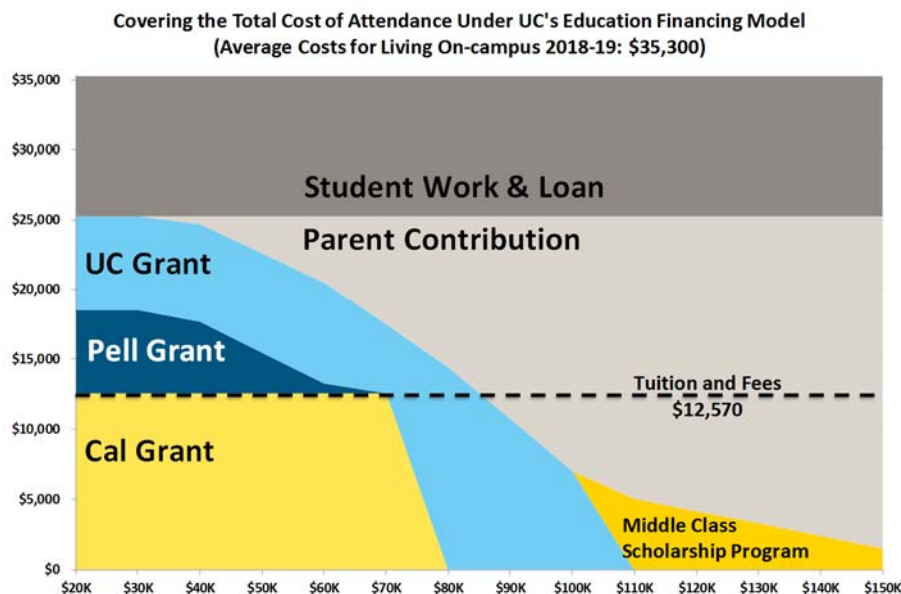
$$COA - \text{Parent Contribution (subset of EFC)} - \text{Student Self-Help} - \text{Outside Grants} - \text{Waivers} = \text{UC Grant}$$

UC’s own need-based grant is used to fill in the gaps left by the formula above. The COA, Expected Parent Contribution (subset of the EFC), and definitions of need-based grants are all the same under the EFM as they are for the federal framework. However, the EFM adds one element:

- **Student Self-Help**, or Work & Loan, is an assumed contribution that students make through part-time work and/or student loan. This is taken into account before offering UC grant.

Financial support for students can be used under the EFM to replace Self-Help and still be compliant with federal and state policy. However, the fairness of that should be taken into account. For example, it may be unfair to provide additional assistance to students who have refused to take advantage of a subsidized, need-based federal loan when their peers have already done so to make ends meet.

The graphic below is a stylized view of how the EFM plays out across income. The height of the chart shows the total cost of attendance. Moving from left to right, you can see that grant aid decreases and parent contributions increase as income goes up. The Self-Help or Work & Loan portion at the bottom is roughly the same for all students.



Federal “financial need” roughly follows the line between the parent contribution and the gift aid, but for some students, there may be an additional Expected Student Contribution that is subsumed by the Student Work & Loan.



**Four Categories of Basic Needs Support and How Treated for Financial Aid Purposes**

Based on the federal student aid frameworks described above – and the associated state and federal regulations that define them – we have categorized basic needs benefits into four categories, depending on how they impact a student’s financial aid package.

***Category 1: In-Kind or Short-Term Support is Not Financial Aid, Not Reportable on FAFSA***

The FAFSA instructions specifically exclude “in-kind support” as non-reportable and payments are also not financial aid. Treated similarly are short-term loans or advances on financial aid. Examples of Category 1 support include:

- Short-term loans (under 90 days)
- Cal Fresh or SNAP
- Meal swipe cards or emergency grocery cards not exchangeable for cash
- Other nominal emergency support valued less than \$100 per year

In-kind and short-term support is not taxable or reportable on a student’s 1098-T.

***Category 2: Monetary Support Treated as Financial Aid to Offset COA, Not to be Reportable on Current or Future Year FAFSA***

Funding provided directly to students to pay for elements itemized in the nine month expense budget should be treated as financial aid that offsets the COA. Examples of direct support that should be treated as financial aid:

- Emergency grants or loans to cover cost of attendance, which can be adjusted in some cases (see Strategy 2 below).
- Textbook or supplies assistance: Gift cards that can be used at the bookstore are not restricted enough that they cannot be considered direct support.
- Any other direct payments not made as compensation for work rendered, including housing.

Gift aid received above tuition, fees, books, and supplies may be taxable to the student per IRS code. All of this funding should be reported on the student’s 1098-T.

***Category 3: Monetary Support Not Treated as Financial Aid, but as Untaxed Income on Future Year’s FAFSA***

Some types of monetary support can be treated as untaxed income, which would be reportable on a future year’s FAFSA (depending on the tax year when the funding was received), but would not count against financial need in the current year. In general, support treated as Category 3 would include support for work rendered or support for non-COA costs. Examples include:

- Transitional housing provided for free in excess of 30 consecutive days.

- Free or discounted room and/or board as part of non-need-based employment, e.g., housing for resident assistants in on-campus housing
- The write-off of short- or long-term loans.

The taxability of Category 3 support will vary, but they are not reportable on the 1098-T.

#### ***Category 4: Other support not subject to financial aid regulations***

Support provided broadly to students, but not awarded directly to individuals fall outside the financial aid frameworks above. Examples include:

- Food pantries or community gardens
- Housing subsidized by the University where the subsidy is not directed to an individual student
- Subsidized or unsubsidized grocery services

Category 4 support is not taxable or reportable on the 1098-T.

### **Coordination of Basic Needs Support with Financial Aid**

Category 2 support must be coordinated within a student's financial aid package. Given the financial aid frameworks described above, there are two strategies that can be employed.

#### ***Strategy 1: Offset the Self-Help or Work & Loan***

Given the University's financial aid packaging, many students will have space in their financial aid packages for additional Category 2 support.

For fairness purposes, the campus should consider whether or not a student has taken advantage of subsidized loans before awarding them Category 2 support.

#### ***Strategy 2: Adjust the COA***

A campus may adjust a student's COA upon request, which can make more "room" in a student's financial aid package for Category 2 types of support. These COA adjustments are still governed by federal regulations, e.g., the costs must still be for educational expenses during periods of enrollment.

Each adjustment must include documented expenses. For example:

- Books and supplies (if greater than the budgeted amount)
- Housing & utility costs (student's share only) if greater than the budgeted amount
- Medical/Dental/Optical (not covered by insurance)
- Major car repairs or unusual transportation expenses
- Computer (One-time request as an undergraduate)
- Expenses associated with a disability
- Child/Dependent Care Expenses

### Additional Compliance Issues

There are some additional compliance issues that basic needs professionals should keep in mind when providing Category 1-3 above. For example:

- Non-AB540, undocumented students are not eligible for State-funded support. Undocumented students with AB540 approval can receive financial aid. Undocumented students with DACA can be employed.
- Support cannot be provided preferentially by race, ethnicity, national origin, or gender.

Basic Needs and Financial Aid Worksheet

	Description	Specific Campus Examples	Impact on Aid	Tax Implications
<p><b>Category 1: In-Kind or Short-term Support</b></p>	<p>In-kind support is non-fungible support provided to individuals. Short-term is under 90 days.</p> <p>For example, meal or grocery swipe cards, short-term loans.</p>		<p>None</p>	<p>None</p>
<p><b>Category 2: Financial Aid</b></p>	<p>Fungible monetary support that is for offsetting the COA.</p> <p>For example, cash cards, direct payments to students (non-wage), or long-term subsidies.</p>		<p>Reduces financial need in the current academic year, which could require adjustment to financial aid package.</p> <p>Strategies: Could be used to offset self-help/work &amp; loan, but should be awarded with loan utilization in mind.</p> <p>Budget adjustments could be employed to make more “room” in the student’s COA.</p>	<p>May be taxable if more than tuition, fees, books and supplies.</p> <p>Reportable on 1098-T.</p>
<p><b>Category 3: Untaxed Income</b></p>	<p>Support that is not directly for the current COA or which is associated with employment.</p> <p>Examples include free housing as part of employment.</p>		<p>No impact on current year financial aid, but reportable on the FAFSA as untaxed income for a future year.</p>	<p>Tax implications may vary.</p> <p>Not reportable on 1098-T.</p>
<p><b>Category 4: No Aid Implications</b></p>	<p>Broad-based support not provided to individual students.</p> <p>Examples include food pantries, broad-based housing subsidies.</p>		<p>None</p>	<p>None</p>

**Background**

In light of the COVID-19 pandemic and its impact on students’ basic needs, the UC Office of the President will redirect its 2020–21 Basic Needs Innovation Grant funding of \$2.5 million to supplement UC basic needs support and services. Campuses may use these funds for the following:

- Emergency support for students directly impacted by COVID-19 (e.g., housing costs associated with a quarantine)
- Direct aid to students to support food and housing needs
- Food and housing resources for marginalized or under-resourced student populations, including low-income, LGBTQ, community college transfer, parenting, undocumented, military-affiliated, and current/former foster students, as well as students affected by their own or a family member’s experience with incarceration

Direct support for students should be coordinated with campus financial aid offices and in alignment with the *Treatment of Basic Needs Support in Financial Aid at the University of California*, issued in November 2019. Furthermore, these funds are to be used in keeping with the Budget Act of 2019, which states that the funds “shall be available to support meal donation programs, food pantries serving students, CalFresh enrollment, and other means of directly providing nutrition assistance to students. The funds shall also be used to assist homeless and housing-insecure students in securing stable housing.”

The following table reflects allocations for each campus, based on the estimated number of food- and housing-insecure students enrolled there:

<b>Campus</b>	<b>2020–21 Basic Needs Innovation Grant Allocations</b>
Berkeley	320,000
Davis	348,000
Irvine	337,000
Los Angeles	304,000
Merced	104,000
Riverside	264,000
San Diego	323,000
San Francisco	18,000
Santa Barbara	272,000
Santa Cruz	210,000
<b>Total</b>	<b>2,500,000</b>

**Spending Plan**

Campus spending plans for these funds are due by **Monday, January 25, 2021**. We strongly urge you to enlist your campus basic needs team, including student leaders, as you develop the spending plan. Please submit your campus spending plans via the following submission form: <http://bit.ly/BasicNeedsInnovationGrant>

Should you need support, please do not hesitate to reach out to Genie Kim, Director of Student Mental Health and Well-being, via email [genie.kim@ucop.edu](mailto:genie.kim@ucop.edu).

Your 2020–21 Basic Needs Innovation Grant spending plan should include the following:

- a narrative about the types of activities the funds will be used for;
- an estimate of the number of students expected to be served with this funding; and
- a plan for capturing the number of students directly served and/or affected by these funds.

***Spending Plan Overview***

*(Provide a narrative encompassing the required items noted above)*

**Table 1. Basic Needs Innovation Grant Spending Plan, 2020–21**

Activity/Program Description	2020–21 Amount Allocated
<b>TOTAL</b>	

**Table 2. Spending Plan — Student Impact Data**

Activity/Program Description	Projected Number of Students Served	Description of how you will track the number of students served and any relevant impact or outcomes data for the activity*

\* Note that campuses should be prepared to report out on the total number of students served as a result of this funding.

**Endorsements**

Chancellor or Designate:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Vice Chancellor for Planning and Budget (or equivalent):

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Vice Chancellor who oversees the campus Basic Needs Committee:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date