

Health Care Reform Brings New Changes to UC San Diego's Financial Aid Programs

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The recent passage of major health care legislation did more than just offer reform - it also revamped financial aid in the form of federal student loans and Pell Grants. For undergraduate students at the University of California, San Diego, that means positive change. The bill eliminated the bank-based federal loan program and replaced it with federal Direct Loans, a dramatic restructuring of the education loan programs. The bill also stabilized a major source of funding for low-income students - the federal Pell Grant.

Last year more than 55,000 undergraduates at the University of California benefited from the federal Pell Grant, including UC San Diego senior Stephanie Asideao. "I have been dependent on the Pell Grant to fund my education," said Asideao. "I haven't had to take out any loans because of the Pell Grant and other university aid, including my part-time job. Knowing that the grant will be increased is really comforting for me and for a lot of students."

The decision to revise student loans will help the government save \$61 billion over ten years - savings that are included as part of the health care overhaul, according to the Congressional Budget Office.

These changes will help UC San Diego continue to be affordable for middle and low-income students. Starting July 1, 2010, UC San Diego students and their parents who qualify for federal loans will be awarded federal Direct Loans. As required by law, UC San Diego will cease to offer Federal Family Education Loans (FFEL) through private lending institutions. Current UC San Diego students and parents who are FFEL borrowers now will be able to participate in the Direct Loan program.

The Direct Loan program will provide a single source of funds for borrowers and similar interest rates and repayment terms. An additional benefit is that Direct Loans offer a stable fund source along with the simplification and ease of communicating with one lender, the Department of Education.

"Federal direct lending provides the most stable source of loan funding available because the funds are provided directly by the U.S. Treasury," explains Ann Klein, director of UC San Diego's Financial Aid office. "Also, the bill includes provisions to strengthen the income-based repayment program and reinstates in-school consolidation so that borrowers with loans from bank-based and Direct Loan programs will not have multiple loan payments."

More than half of UC San Diego undergraduate students receive need-based support. UC San Diego offers a myriad of financial aid resources for students on an ongoing basis. The university's financial aid programs that include federal, state, university and private sources assist students in paying for college through grants, work study, loans and scholarships.

"The UC San Diego Financial Aid Office is committed to ensuring that this transition is successful for all students and parents," Klein said. "Our financial aid counselors can provide instructions and multiple options that

will help students and families pay for their education at UC San Diego. It is never too late to talk with a financial aid counselor. We are here to help."

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