

Creating a Debt-Free College Pathway in California



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the institute for
**college
access & success**



California Budget
& Policy Center
Independent Analysis. Shared Prosperity.

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The Institute for College Access & Success

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In California and nationally, TICAS works to:

- Increase awareness and reduce the burden of student loan debt
- Improve access to available aid
- Strengthen need-based grant programs
- Protect students, borrowers, and taxpayers

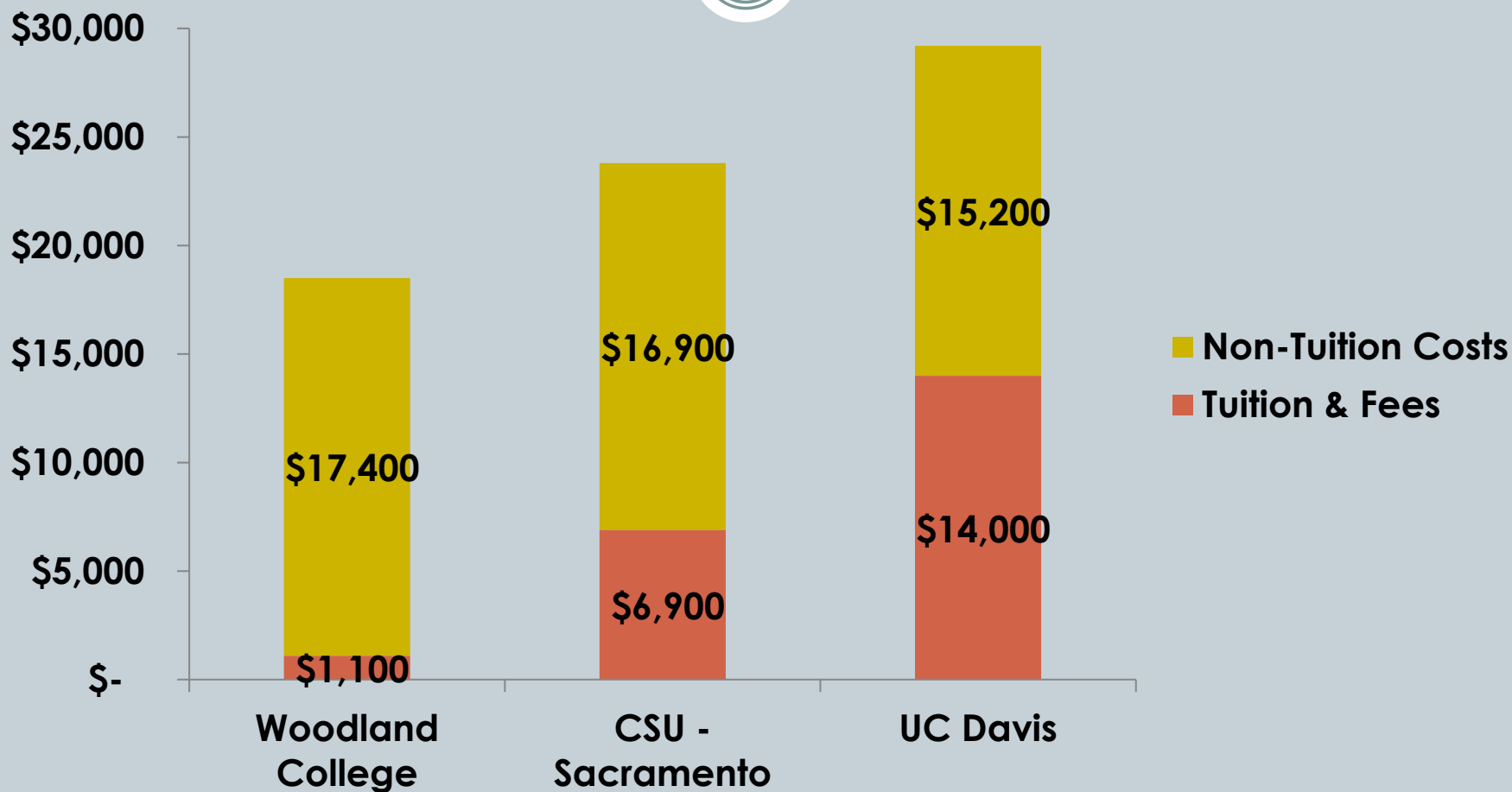
Aid's Impact on Access and Success

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- Can a student enroll in college?
 - Aid for *tuition* facilitates college access.
- Can the student get to campus regularly, buy the required books and materials, and afford to spend their time in class and studying rather than working?
 - Aid for *non-tuition* costs facilitates college success.

Total Cost of Attendance at 3 Public California Institutions

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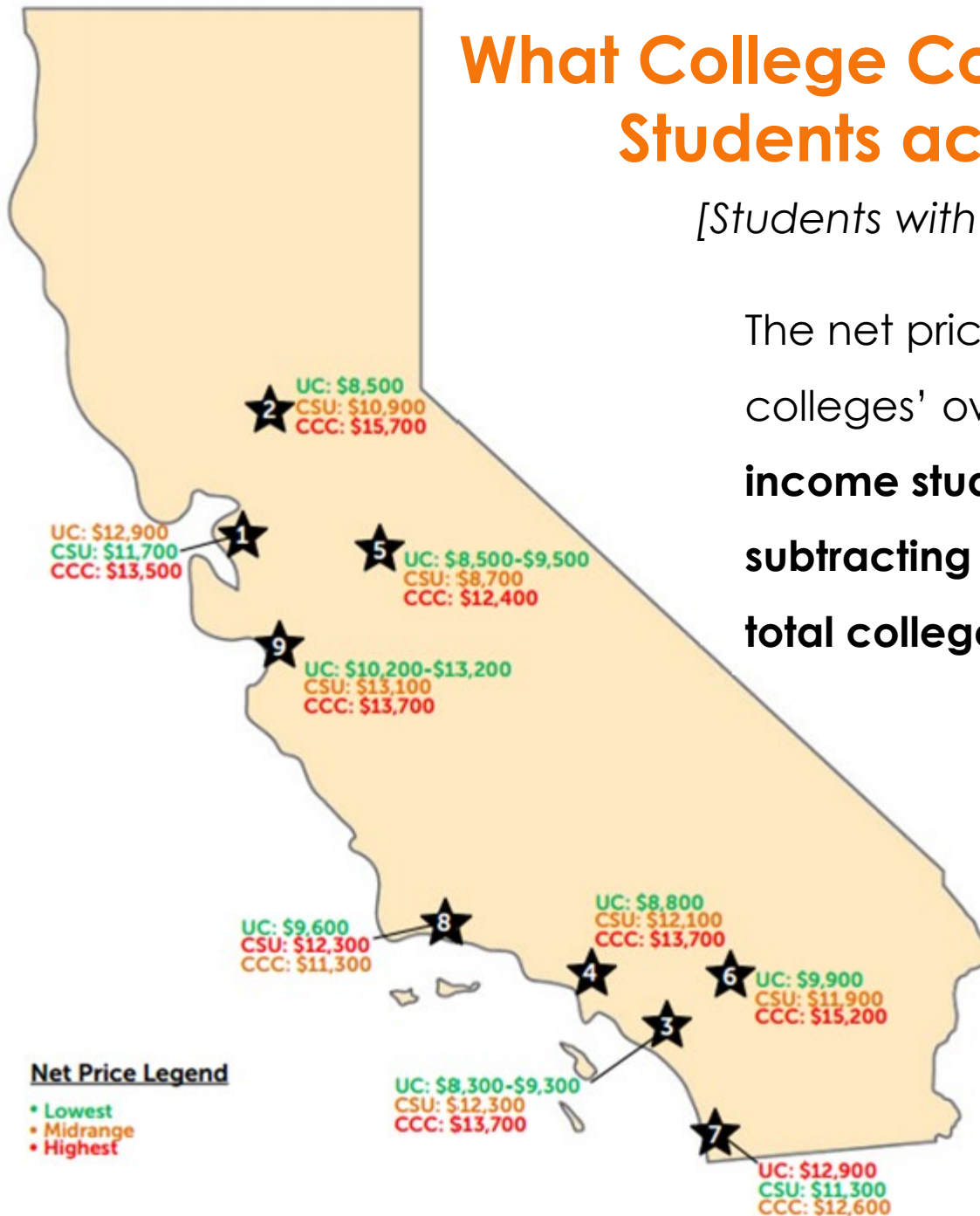


Notes: Figures are from each school's Net Price Calculator (NPC) for a dependent student from a family of four (with one child in college) with parental income of \$18,000 and student income of \$2,000 (or family income under \$30,000 at the community colleges), living independently off-campus. Among dependent students attending California public colleges with family incomes between \$0 and \$30,000, \$18,000 is the median parental income and \$2,000 is the median student income (from the U.S. Department of Education, National Postsecondary Student Aid Study, 2008). Figures are rounded to the nearest \$100.

What College Costs for Low-Income Students across California

[Students with incomes under \$30K]

The net prices shown here reflect the colleges' own estimates of **what low-income students have to pay, after subtracting available grant aid, to cover total college costs.**



For details and methodology, see http://www.ticas.org/sites/default/files/pub_files/what_college_costs_for_low-income_californians.pdf

Key Findings

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- **In none of the nine regions in our analysis did the lowest tuition college – the CCC – have the lowest net price**, and in seven regions it was more expensive than *either* public university option.
- At all 27 public college in our analysis, **the lowest income students would have to work more than 20 hours/week to cover net costs**; at several colleges it was more than 30 hours/week.
- The financial aid these students receive is greater than the tuition, which means **they have to find ways to cover the non-tuition college costs**.

The Inequitable Burden of College Costs on Lowest Income Students Contributes to Persisting Racial Equity Gaps

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More than half of Latino students (54%),
three in five Native-American students (60%),
and almost two-thirds of African-American students (63%)
have family incomes under \$30,000.

In Students' Own Words

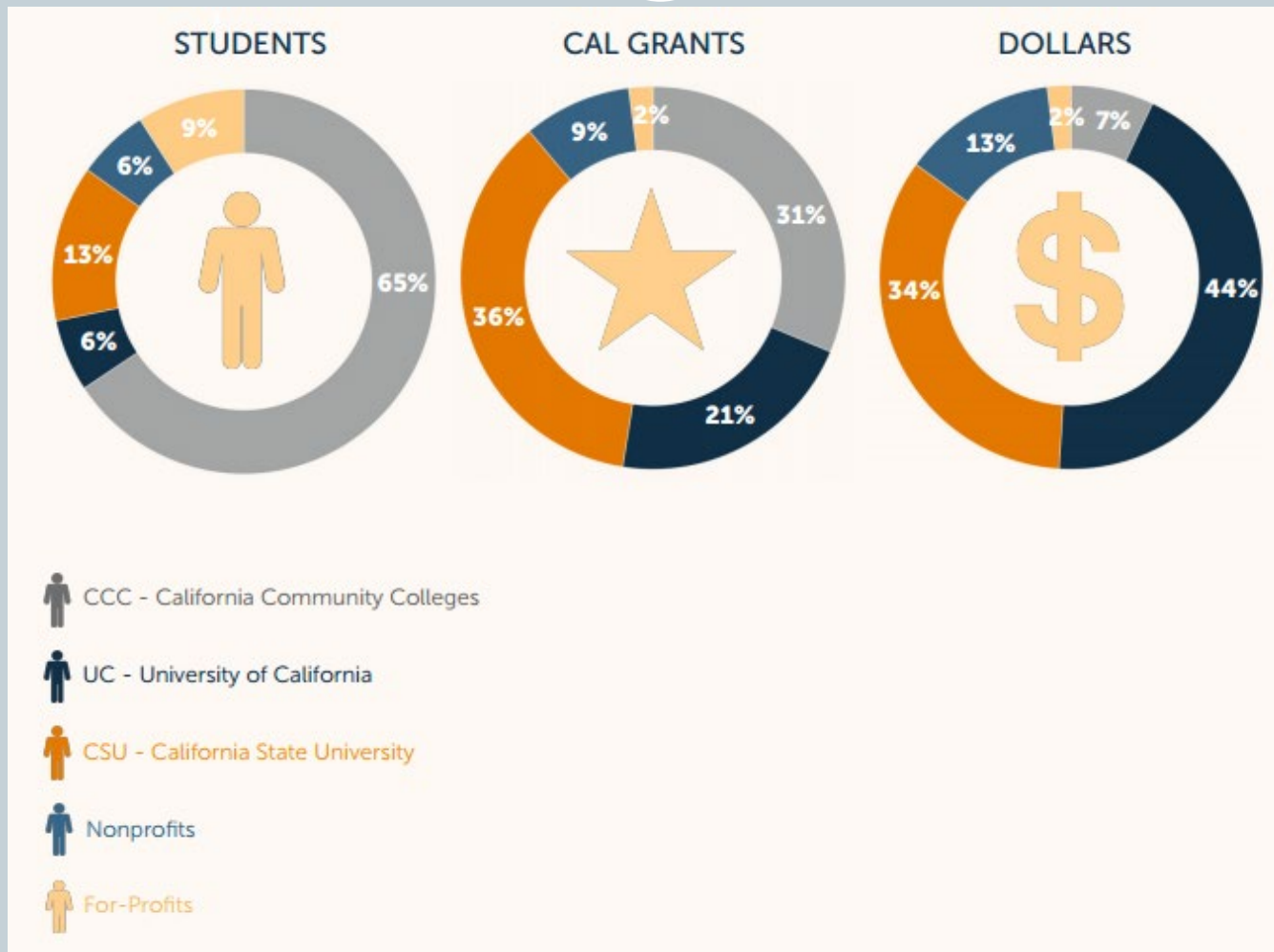
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*"I only take a couple classes a semester because that is all I can afford at the time, and **I have to keep working 30-40 hours a week to pay for everything else.**"*

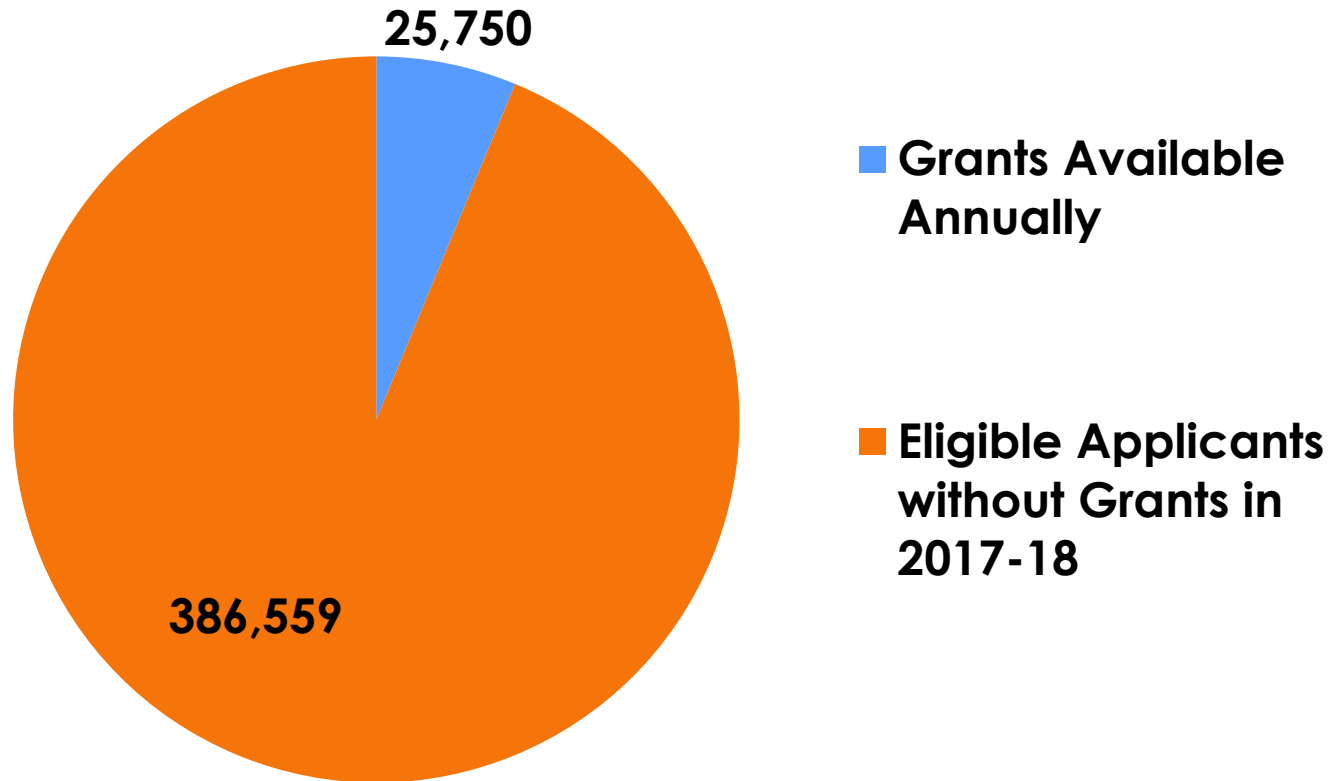
*"I pay for all of my bills, school, and personal needs with the hours I work. Because of this, it's taking me much longer to get through school than I would like, and **I struggled a lot my first two years with the balance of work and school.**"*

CA College Students, Cal Grant Awards, and Cal Grant Dollars Are Not Distributed Evenly across Colleges

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Hundreds of Thousands of Eligible Applicants Don't Get a Cal Grant Because There Aren't Enough



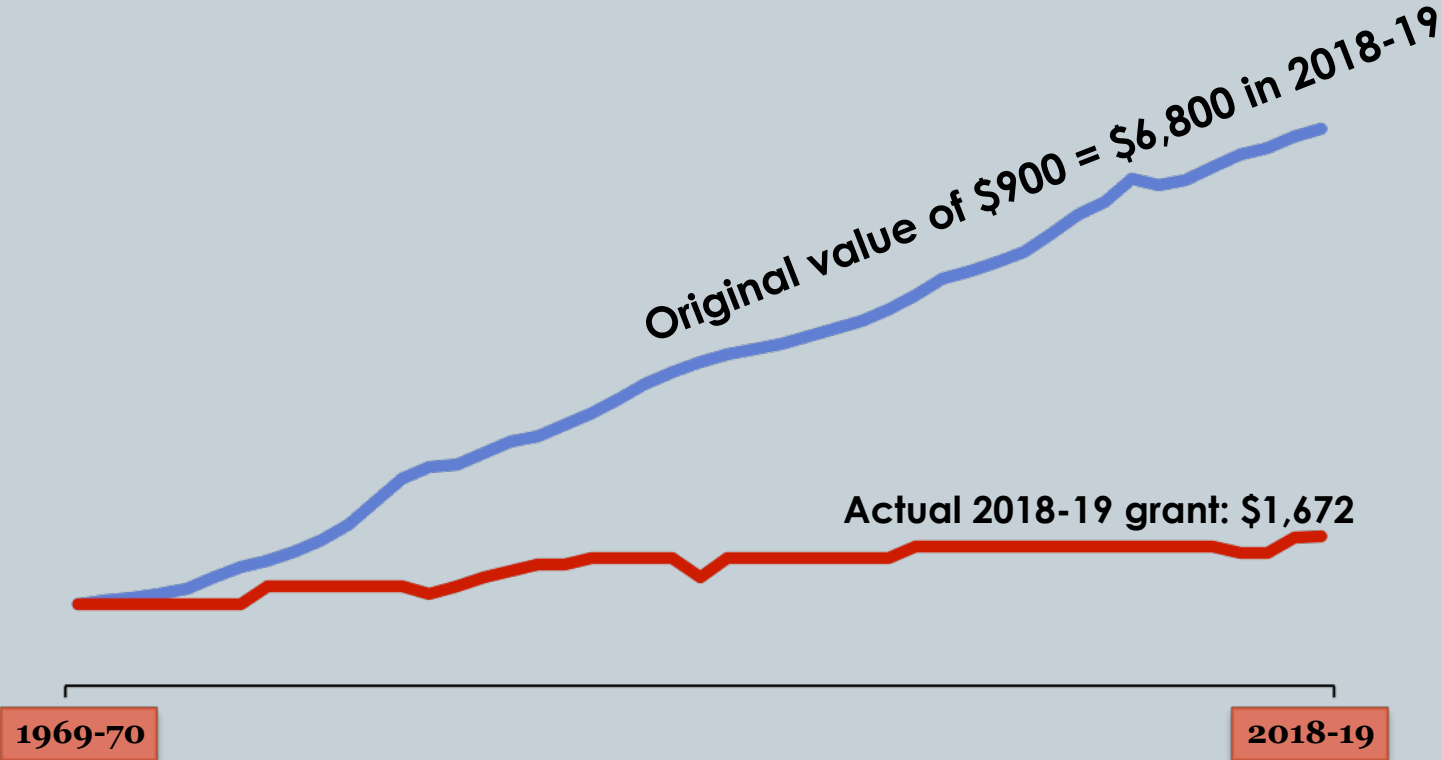
The majority of eligible applicants turned away are living in poverty.

Estimates of the number of eligible applicants without grants are based on CSAC reports for the 2017-18 award year: CSAC. Operations Memos. April 18, 2017.

<http://www.csac.ca.gov/secured/operationmemos/2017/GOM%202017-11.pdf>; and September 26, 2017.

<http://www.csac.ca.gov/secured/operationmemos/2017/GOM%202017-32.pdf>.

Cal Grant B Access Award Continues to Stagnate

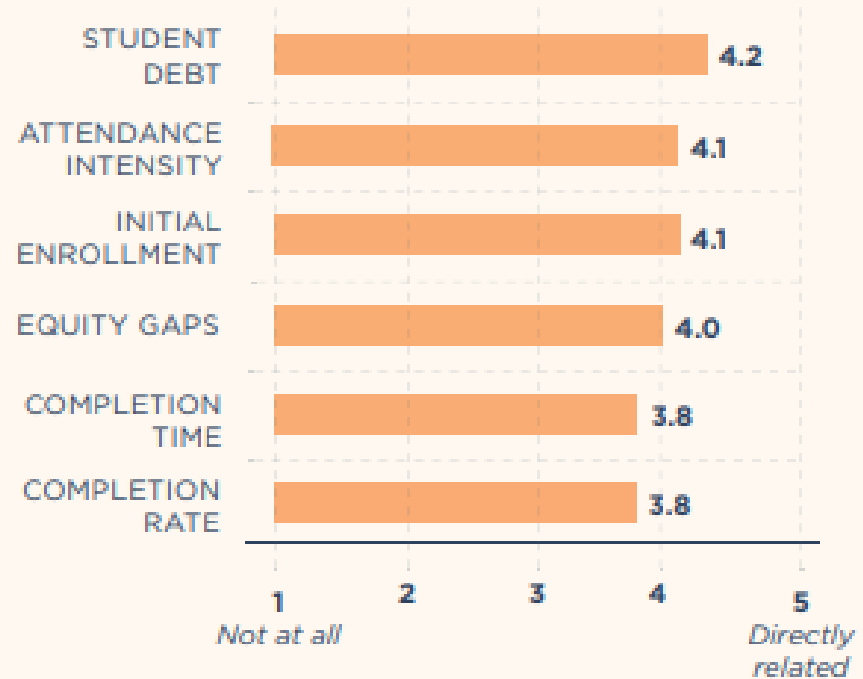


Unpacking California College Affordability: Experts Weigh in on Strengths, Challenges, and Implications

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Experts universally agreed that affordability challenges negatively impacted students in several ways.

Extent to Which the Costs of College Relate to Key Student Outcomes



Recent Financial Aid Reform Analyses

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- TICAS (2016): \$1 - 2 B
- LAO (2017): \$1.5 - 3.3 B
- CSAC/TCF (2018): Unknown costs
- California Budget & Policy Center (2018): \$2.1B

Building a Policy Framework

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- Some areas of policy agreement
 - Bring the total cost of college within reach, with a reasonable amount of work/loans, for full-time students at all public colleges.
- Some areas ripe for further policy development
 - What is a reasonable amount of work/loans? How is a family's ability to pay determined? How do we best communicate the policy to eligible students?

Early October Convening

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- *Convened over 75 statewide stakeholders representing state lawmakers, agencies, and higher education segments, as well as higher education advocacy, civil rights, social justice, student leadership, and business and workforce groups.*
- *Discussed state financial aid reform in depth, including the student perspective, the equity imperative of improving college affordability, ensuring that policy reaches students, and exploring essential components of an affordability promise.*

Convening Papers

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- The importance of messaging financial aid programs
- Overview of experiment to improve the messaging of Cal Grant award notifications
- How a capacity building fund can better support aid delivery
- What a reasonable self-help contribution might look like
- Whether and how to adjust COA and/or EFC regionally
- What a CA affordability pledge might cost

...Compendium of papers to be released in early November

The California Budget & Policy Center is a nonpartisan, nonprofit research institution that engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians.



Why Create an Affordable-College Model for California?

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- Increasing college affordability is essential to creating a well-educated workforce
- Current state and federal funding for college students falls short of need
 - Aid primarily linked to tuition
- Understanding the full cost of attendance provides context and helps frame the discussion around college affordability and addressing students' unmet financial needs



An Affordable-College Model for California: Two Formulas

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Option #1: Shared Responsibility

Cost of Attendance

-

Expected Family Contribution

Student Contribution

Federal Financial Aid

State & Institutional Financial Aid

=

Unmet Financial Need

Option #2: Government Responsibility

Cost of Attendance

-

Federal Financial Aid

State & Institutional Financial Aid

=

Unmet Financial Need



Annual Cost of Attendance at California's Public Universities

Cost Per Student, 2018-19

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	UC	CSU	CCC
Institutional Costs			
Tuition & Fees	\$14,400	\$7,300	\$1,100
Living Costs*			
Food and Housing	\$12,100	\$11,500	\$8,400
Books and Supplies	\$1,500	\$1,900	\$1,000
Transportation	\$1,100	\$1,200	\$1,200
Personal/Miscellaneous	\$2,800	\$3,000	\$3,100
<i>Total Living Costs</i>	<i>\$17,500</i>	<i>\$17,600</i>	<i>\$13,700</i>
<u>Total Cost of Attendance Per Student</u>	\$31,900	\$24,800	\$14,800

*Figures are inflation-adjusted to 2018-19 dollars

Note: The following categories were weighted to reflect the shares of students living on-campus, off-campus, and with family: Food and Housing, Transportation, Personal/Misc. Figures are rounded to the nearest hundred and may not sum due to rounding.

Source: Budget Center analysis of data from the California State University, the California Student Aid Commission, and the University of California



Paying for College: Annual Family and Student Contribution Per Student Costs, 2018-19*

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	UC	CSU	CCC
Expected Family Contribution (EFC)	\$9,400	\$8,700	\$2,200
Student Contribution	\$7,100	\$7,100	\$7,200
<u>Total Contribution Per Student</u>	\$16,500	\$15,800	\$9,400

*Figures are inflation-adjusted to 2018-19 dollars

Note: EFC figures are weighted to reflect national public four-year and two-year institutions median EFC amounts for independent and dependent students from all income levels. All students are assumed to contribute the same amount, which could come from work and/or student loans.

Source: Budget Center analysis of data from the California Employment Development Department and National Postsecondary Student Aid Study



Paying for College: Annual Federal Financial Aid

Per Student Costs, 2018-19*

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	UC	CSU	CCC
Pell Grant	\$2,300	\$2,300	\$1,700
Supplemental Educational Opportunity Grant	\$70	\$70	\$40
<u>Total Federal Financial Aid Per Student</u>	\$2,400	\$2,300	\$1,700

*Figures are inflation-adjusted to 2018-19 dollars

Note: Figures are weighted to reflect national median grant award amounts for independent and dependent students from all income levels at public four-year and two-year institutions.

Source: Budget Center analysis of National Postsecondary Student Aid Study data



Option #1: Shared Responsibility

Per Student Costs, 2018-19*

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	UC	CSU	CCC
Cost of Attendance	\$31,900	\$24,800	\$14,800
Less Expected Family Contribution	-\$9,400	-\$8,700	-\$2,200
Less Student Contribution	-\$7,100	-\$7,100	-\$7,200
Less Federal Financial Aid	-\$2,400	-\$2,300	-\$1,700

*Figures are inflation-adjusted to 2018-19 dollars

Note: Totals may not sum due to rounding.

Source: Budget Center analysis of data from the California Employment Development Department, California Student Aid Commission, California State University, National Postsecondary Student Aid Study, and University of California



Option #1: Shared Responsibility

Per Sector Costs, 2018-19*

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	UC	CSU	CCC
Cost of Attendance	\$5.7 B	\$9.3 B	\$6.3 B
Less Expected Family Contribution	-\$1.7 B	-\$3.2 B	-\$931 M
Less Student Contribution	-\$1.3 B	-\$2.7 B	-\$3.1 B
Less Federal Aid	-\$434 M	-\$874 M	-\$751 M
Less State & Institutional Aid	-\$1.8 B	-\$1.4 B	-\$1.0 B
Unmet Financial Need	\$545 M	\$1.1 B	\$507 M

*Figures are inflation-adjusted to 2018-19 dollars

Note: Totals may not sum due to rounding.

Source: Budget Center analysis of data from the California Employment Development Department, California Student Aid Commission, California State University, National Postsecondary Student Aid Study, and University of California



Option #2: Government Responsibility

Per Student Costs, 2018-19*

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	UC	CSU	CCC
Cost of Attendance	\$31,900	\$24,800	\$14,800
Less Expected Family Contribution	-\$0	-\$0	-\$0
Less Student Contribution	-\$0	-\$0	-\$0
Less Federal Financial Aid	-\$2,400	-\$2,300	-\$1,700

*Figures are inflation-adjusted to 2018-19 dollars

Note: Totals may not sum due to rounding.

Source: Budget Center analysis of data from the California Employment Development Department, California Student Aid Commission, California State University, National Postsecondary Student Aid Study, and University of California



Option #2: Government Responsibility

Per Sector Costs, 2018-19*

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	UC	CSU	CCC
Cost of Attendance	\$5.7 B	\$9.3 B	\$6.3 B
Less Expected Family Contribution	-\$0	-\$0	-\$0
Less Student Contribution	-\$0	-\$0	-\$0
Less Federal Aid	-\$434 M	-\$874 M	-\$751 M
Less State & Institutional Aid	-\$1.8 B	-\$1.4 B	-\$1.0 B
Unmet Financial Need	\$3.5 B	\$7.0 B	\$4.5 B

*Figures are inflation-adjusted to 2018-19 dollars

Note: Totals may not sum due to rounding.

Source: Budget Center analysis of data from the California Employment Development Department, California Student Aid Commission, California State University, National Postsecondary Student Aid Study, and University of California



Total Affordable-College Model Costs

Dollars in Billions, 2018-19*

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Option #1: Shared Responsibility	
	CA
Cost of Attendance	\$21.4
Less Expected Family Contribution	-\$5.9
Less Student Contribution	-\$7.1
Less Federal Financial Aid	-\$2.1
Less State & Institutional Aid	-\$4.3
<u>Unmet Financial Need</u>	\$2.1 B

Option #2: Government Responsibility	
	CA
Cost of Attendance	\$21.4
Less Expected Family Contribution	-\$0
Less Student Contribution	-\$0
Less Federal Financial Aid	-\$2.1
Less State & Institutional Aid	-\$4.3
<u>Unmet Financial Need</u>	\$15.0 B

*Figures are inflation-adjusted to 2018-19 dollars



Building Momentum

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- Critical to spread the word about:
 - Who college students are
 - Their cost challenges
 - The tradeoffs they are faced with in paying for college
 - How college cost challenges hurt student success
- Critical to bring more voices to the conversation:
 - Voices of college & financial aid administrative leadership are particularly valuable
 - Supporting students' involvement in policy conversations

Open Discussion & Thank You!

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