

California Budget Project
Policy Insights 2015

Costs and Affordability at California's Public Universities

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the institute for
college
access & success

The Institute for College Access & Success

- **An independent, non-profit research and policy organization,** TICAS works to make college more available and affordable for people of all backgrounds.
- Home of the **Project on Student Debt**, TICAS uncovers how and why reliance on student debt has increased and explores the implications for borrowers and society.

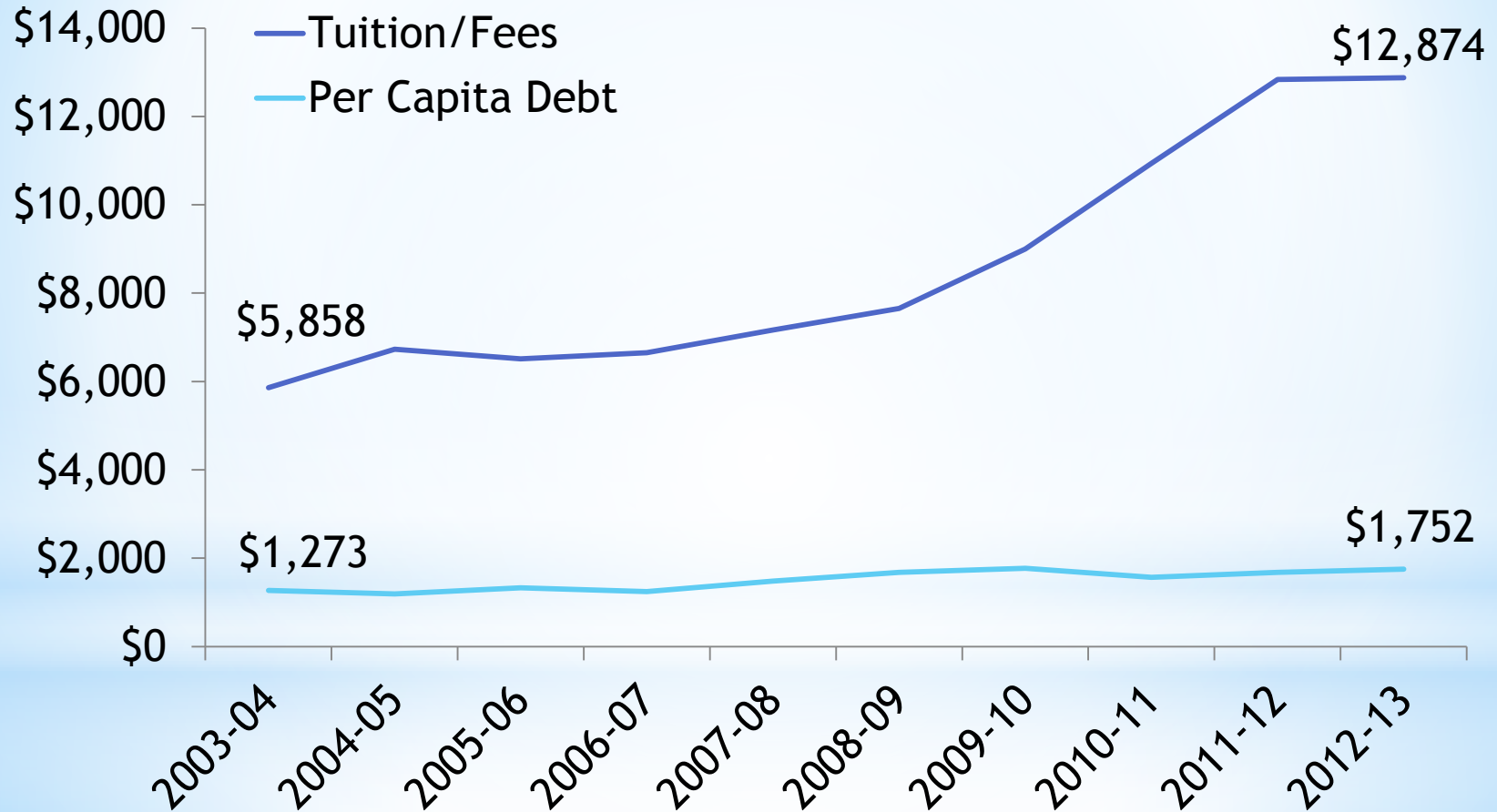
Common Ways to Consider Students' College Costs

- **Tuition/Fees.** At public colleges, tuition/fee levels are primarily a function of what it costs institutions to educate students and the amount of funding provided by the state.

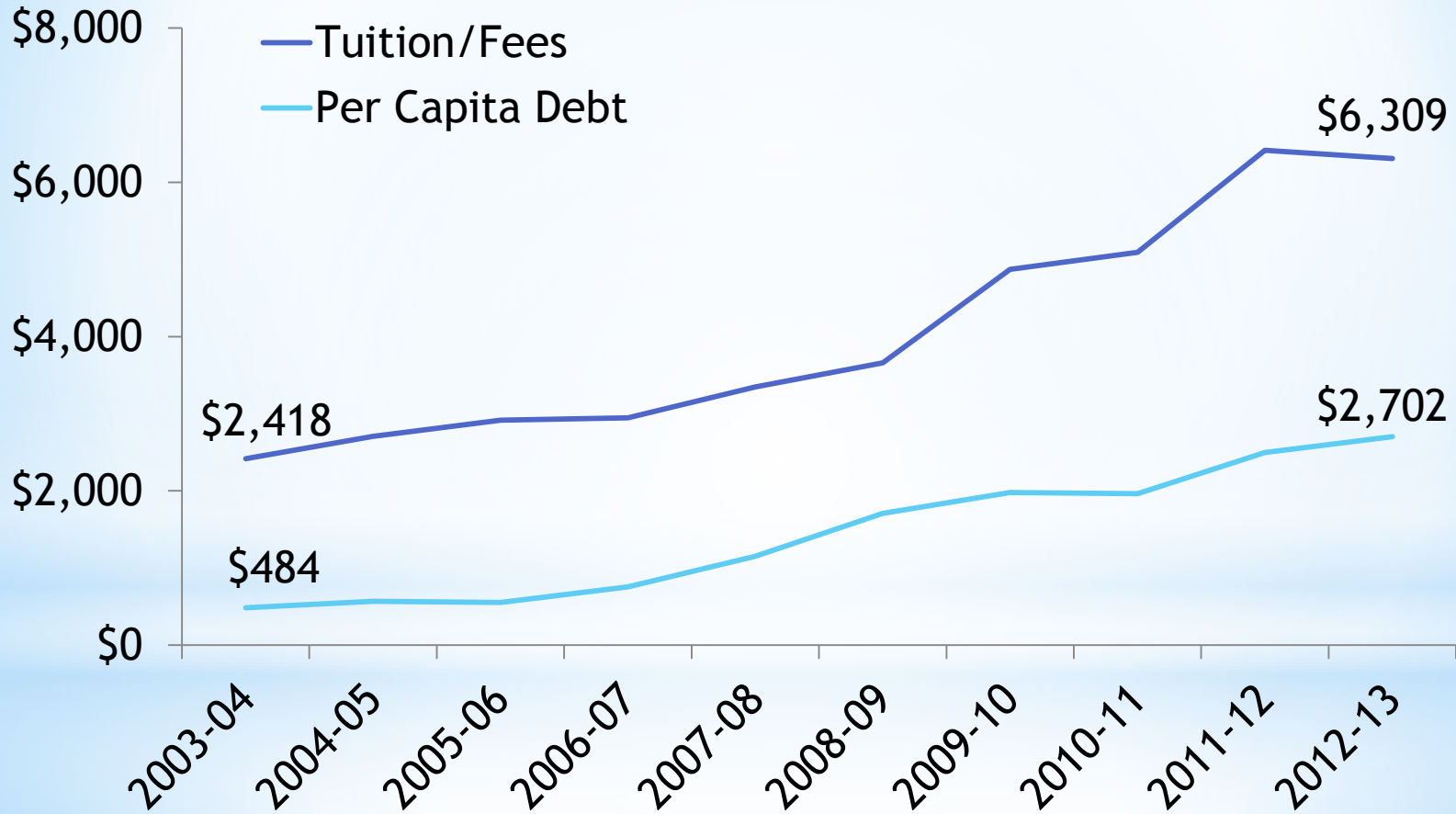
Drawbacks:

- Total college costs for students far exceed tuition
 - Ignores students/families' ability to pay
 - Ignores the availability of grant aid
-
- **Student Loan Debt.** Students borrow when their earnings, savings, and grants are not enough to cover college costs.

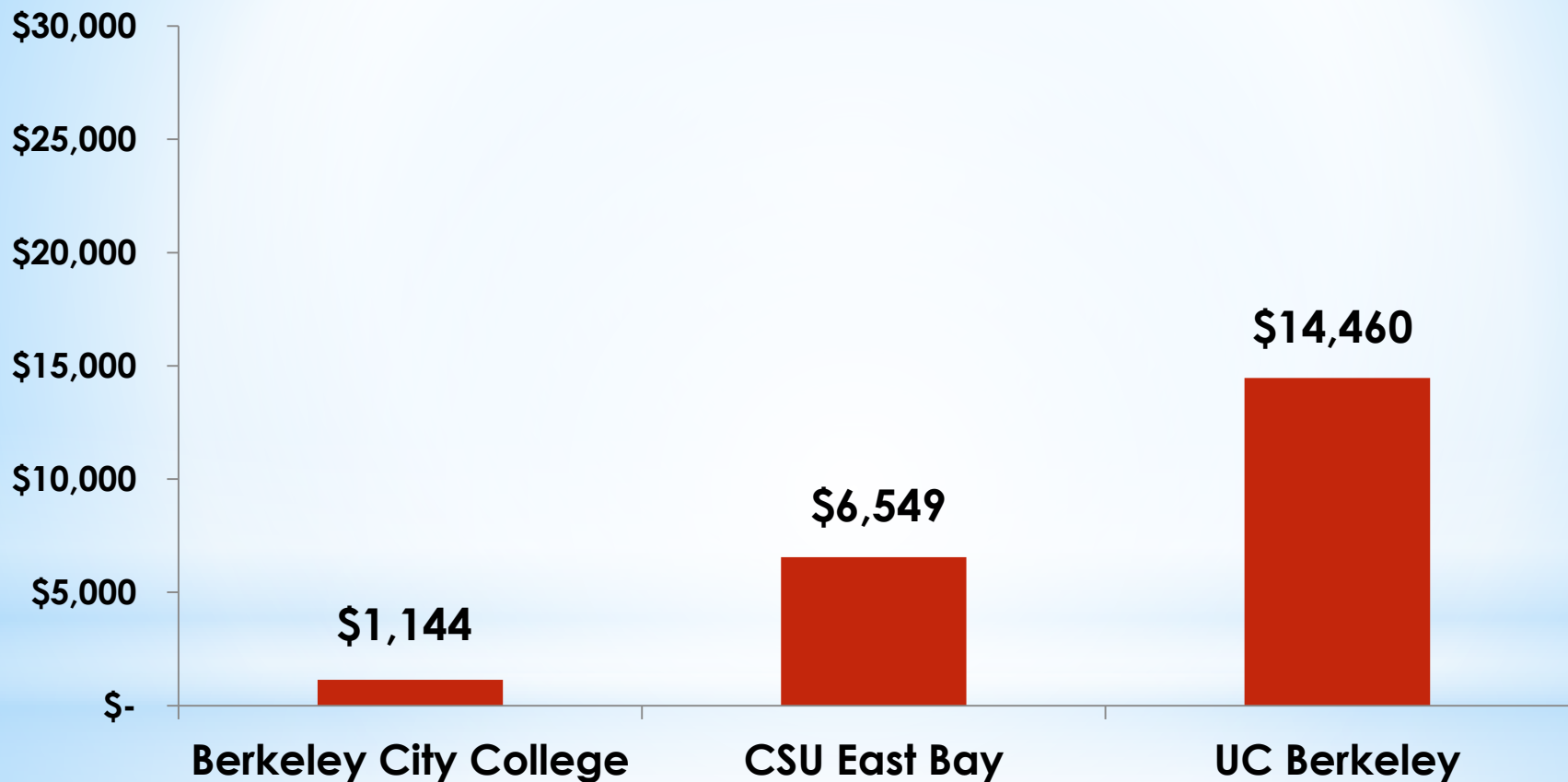
Annual UG Tuition/Fees & Per-Capita Loans at the University of California, Berkeley



Annual UG Tuition/Fees & Per-Capita Loans at California State University, East Bay

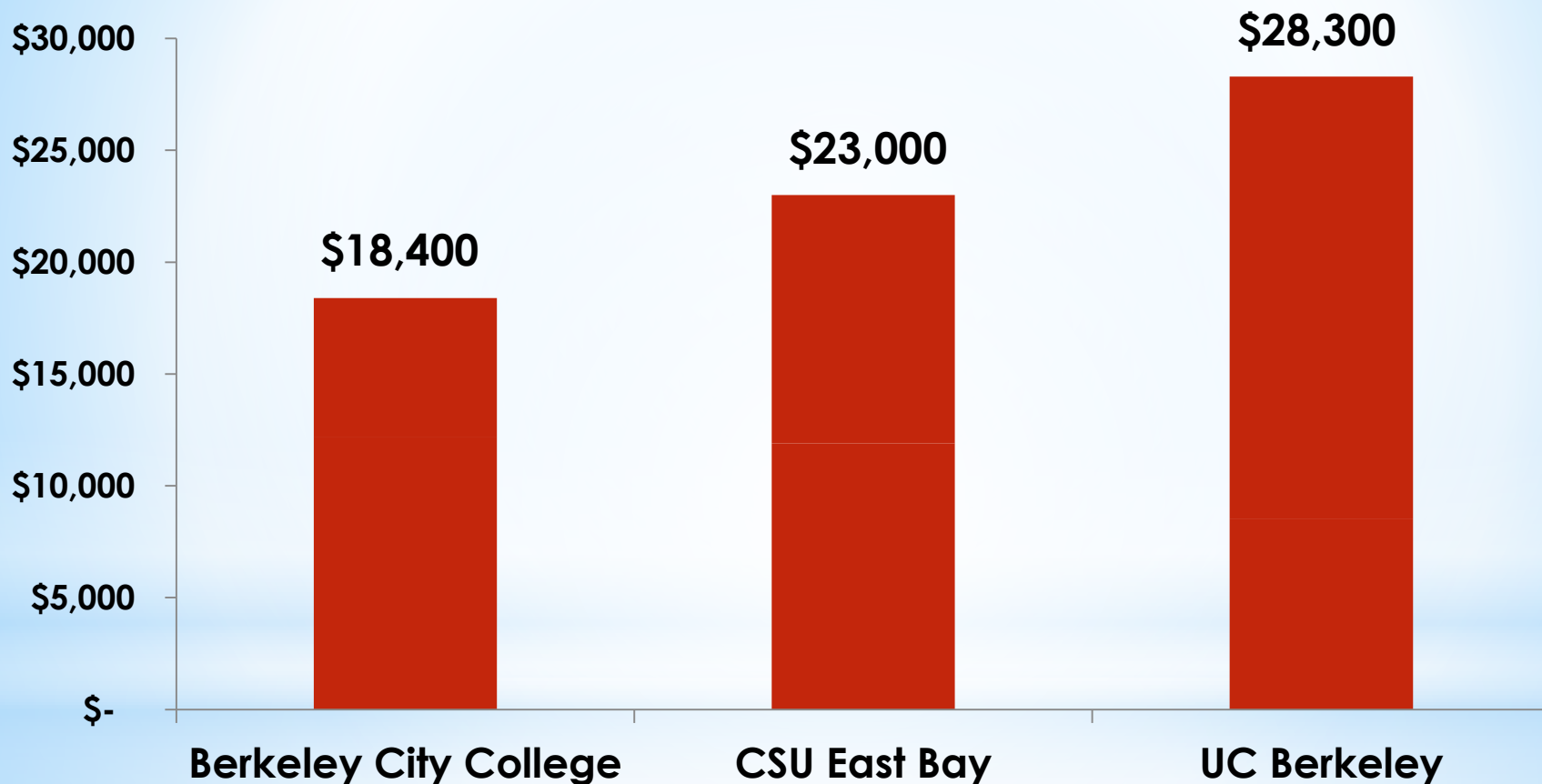


Tuition Costs at Three Public California Institutions



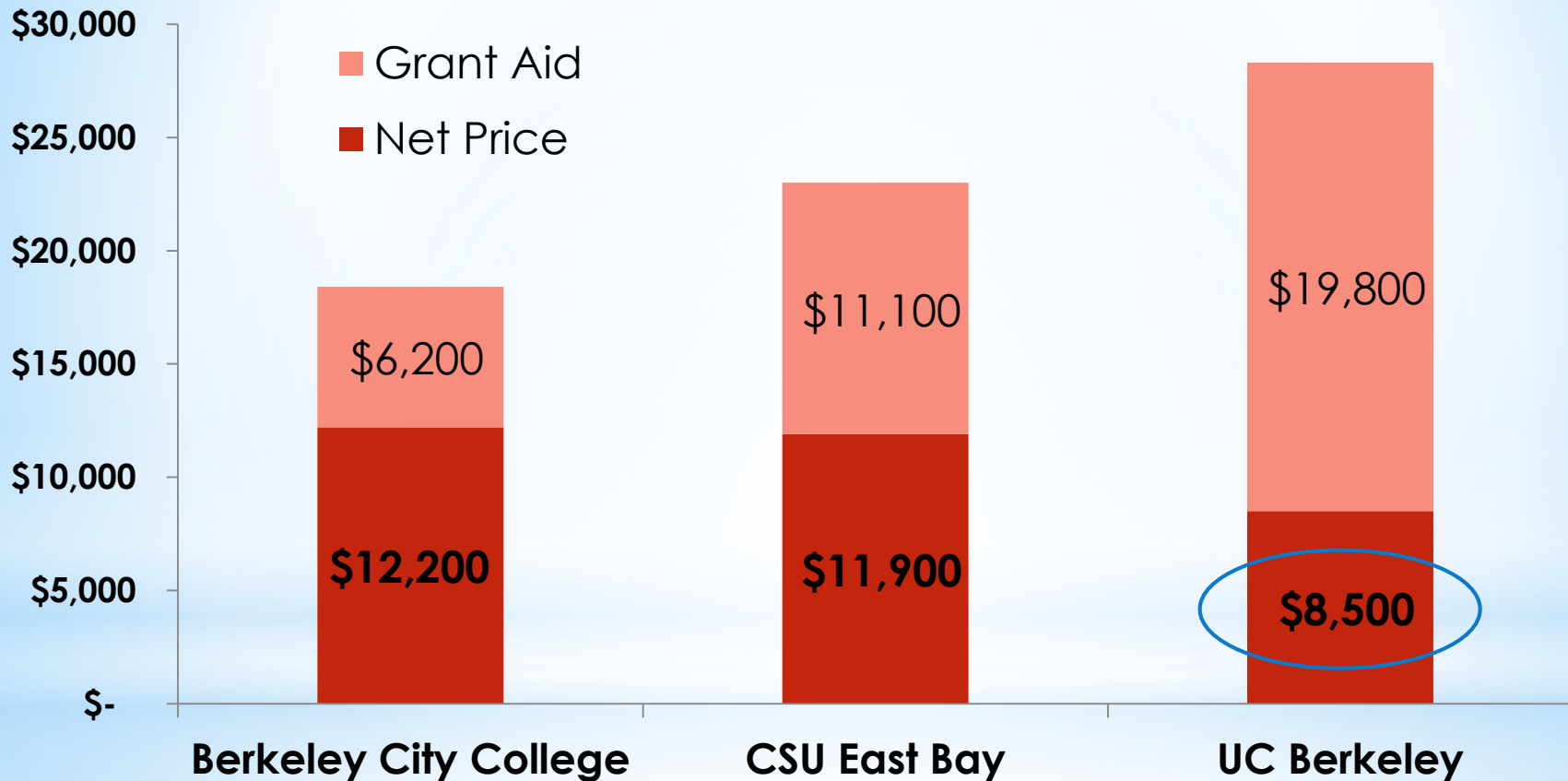
Sources: Figures from each school's Net Price Calculator (NPC) for a dependent student with a family income under \$30,000, and rounded to the nearest \$100. NPCs accessed on November 10, 2014.

Total Cost of Attendance at Three Public California Institutions



Sources: Figures from each school's Net Price Calculator (NPC) for a dependent student with a family income under \$30,000, and rounded to the nearest \$100. NPCs accessed on November 10, 2014.

Comparison of Low-Income Students' Net Price (Total Costs minus Grants)



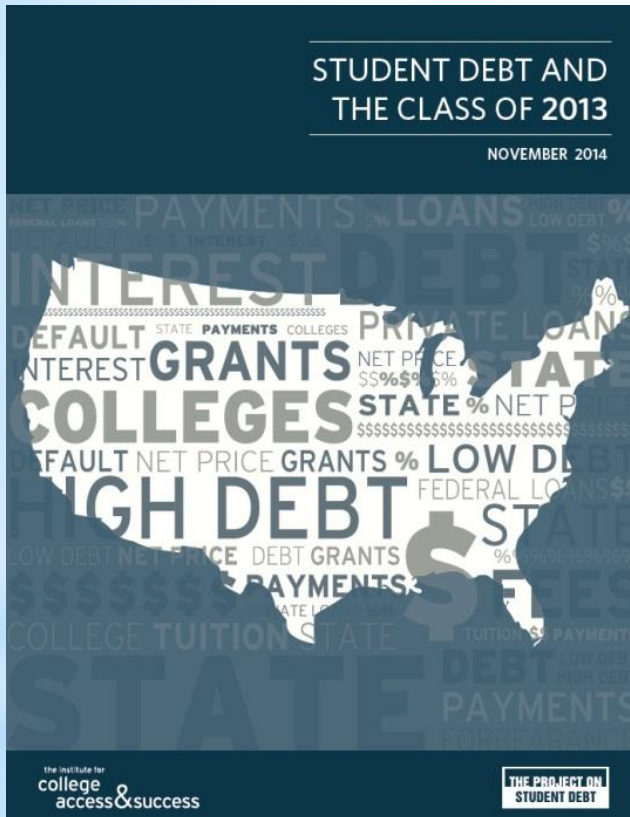
Sources: Figures from each school's Net Price Calculator (NPC) for a dependent student with a family income under \$30,000, and rounded to the nearest \$100. NPCs accessed on November 10, 2014. Net price is what students and families have to save, earn, or borrow.

UC Affordability: Net Price by Income, 2011-12

| Family Income | What does college cost ? | Is the cost of college affordable ? | |
|----------------|-----------------------------------|--|---|
| | Net Price (costs minus grants) | Share of <i>Total Income</i> Needed | Share of <i>Discretionary</i> <i>Income</i> Needed |
| \$0 – \$30K | \$8,800 | 29% | 64% |
| \$30K - \$48K | \$10,100 | 21% | 32% |
| \$48K - \$75K | \$13,800 | 18% | 23% |
| \$75K - \$110K | \$21,200 | 19% | 23% |
| > \$110K | \$28,300 | 19% | 21% |

Source: Net price data by income from the Integrated Postsecondary Education Data System (IPEDS) 2011-12. For more detailed methodology please see http://www.ticas.org/files/pub/Cal_Grant_College_Cost_and_Affordability_3.5.14.pdf.

Student Debt and the Class of 2013



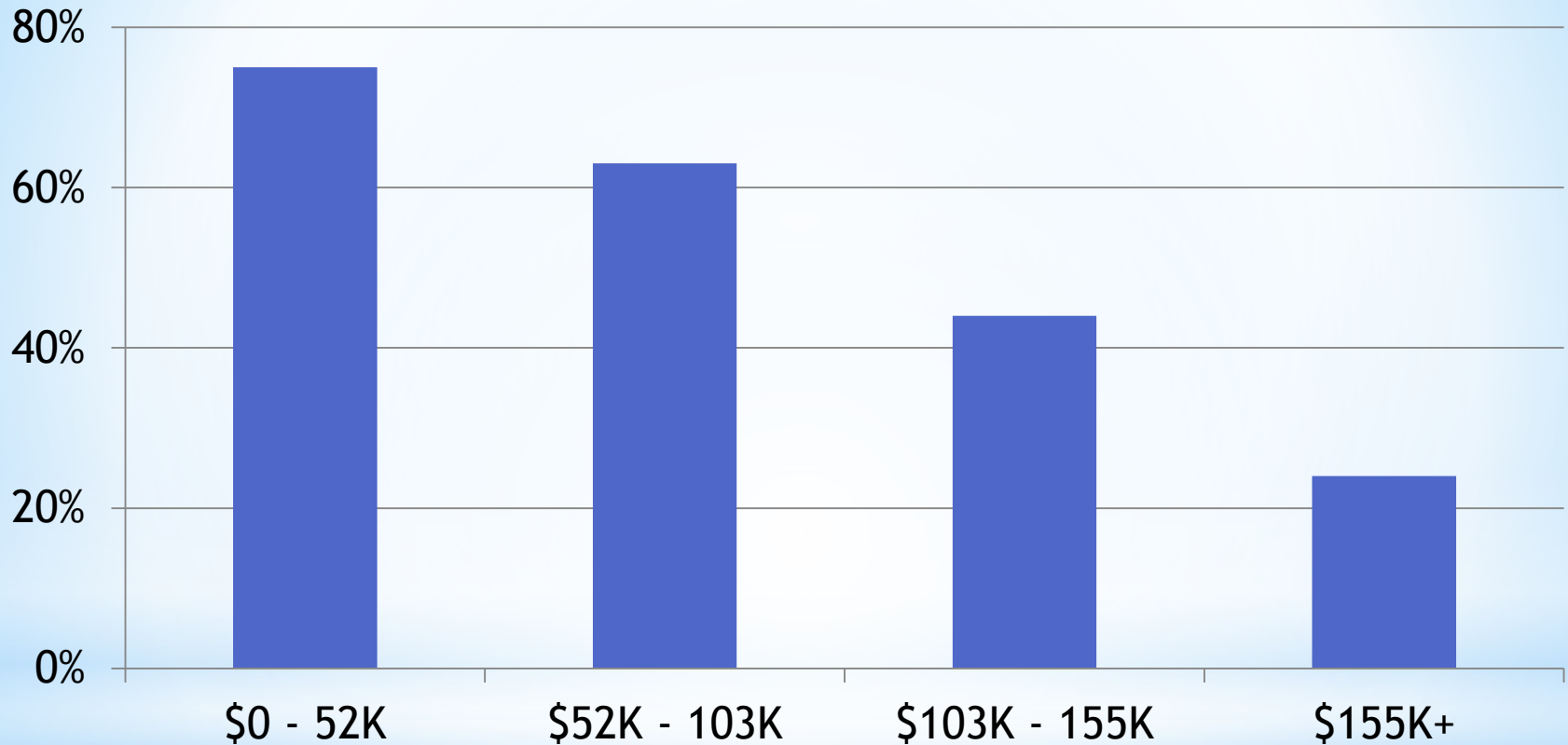
- 9th annual report on bachelor degree graduates' **cumulative loan debt**
- Uses data voluntarily reported by public and nonprofit colleges
- **Apples-to-apples** comparisons demonstrate variation across schools and states
- California is a perennial **“low-debt state”**

Student Debt for 2013 BA Graduates, California and the Nation

| | Average Debt | 5-year change | Share with Debt | 5-year change |
|---------------------|--------------|---------------|-----------------|---------------|
| Nation | \$26,400 | +25% | 61% | +5% |
| California | \$20,350 | +20% | 55% | +20% |
| Nonprofit Colleges | \$28,200 | +15% | 60% | -3% |
| Public Colleges | \$18,050 | +24% | 53% | +23% |
| CA State University | \$16,300 | +19% | 52% | +30% |
| University of CA | \$20,500 | +31% | 55% | +17% |

Source notes: Calculations by The Institute for College Access & Success on data from the U.S. Department of Education, National Center for Education Statistics' National Postsecondary Student Aid Study and Integrated Postsecondary Education Data System, as well as Peterson's Undergraduate Financial Aid and Undergraduate Databases, copyright 2014 Peterson's, a Nelnet company, all rights reserved. Figures for average debt of graduates are rounded to the nearest \$50, and percentage figures are rounded to the nearest percentage point. Calculations for change in average debt are based on underlying figures for 2007-08 and 2012-13 and rounded to the nearest \$1.

UC Affordability: Share of Graduates with Student Debt, by Parent Income, 2012-13



Note: Average debt per borrower was similar across income groups (~\$20-21K).

Source: University of California. 2014. *Annual Accountability Report*. Indicator 3.5.2: Student loan debt burden of graduating seniors by parent income, Universitywide, 1999-2000 to 2012-13. <http://accountability.universityofcalifornia.edu/index/3.5.2>.

Key Facts about California College Costs and Affordability

- Tuition has grown sharply, but the total costs of college are far greater than tuition.
- The affordability equation is more complicated than many realize:
 - Lower cost colleges often have higher net costs.
 - Lower income students' net costs are particularly burdensome.
- Debt levels assess the burden students face after college:
 - Average student loan debt for California BA graduates is relatively manageable, but growing.
 - The burden of debt falls most heavily on low-income students.

Key Implications for Financial Aid Policy

- The state needs to recognize the **full cost of attending college**, including tuition, textbooks, transportation, and living costs.
- Financial aid investments **should be targeted at the students on whom college costs are most burdensome**, and for whom college costs serve as a barrier to enrollment and completion.

Thank you.

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