

October 7, 2013

College Affordability

LEGISLATIVE ANALYST'S OFFICE

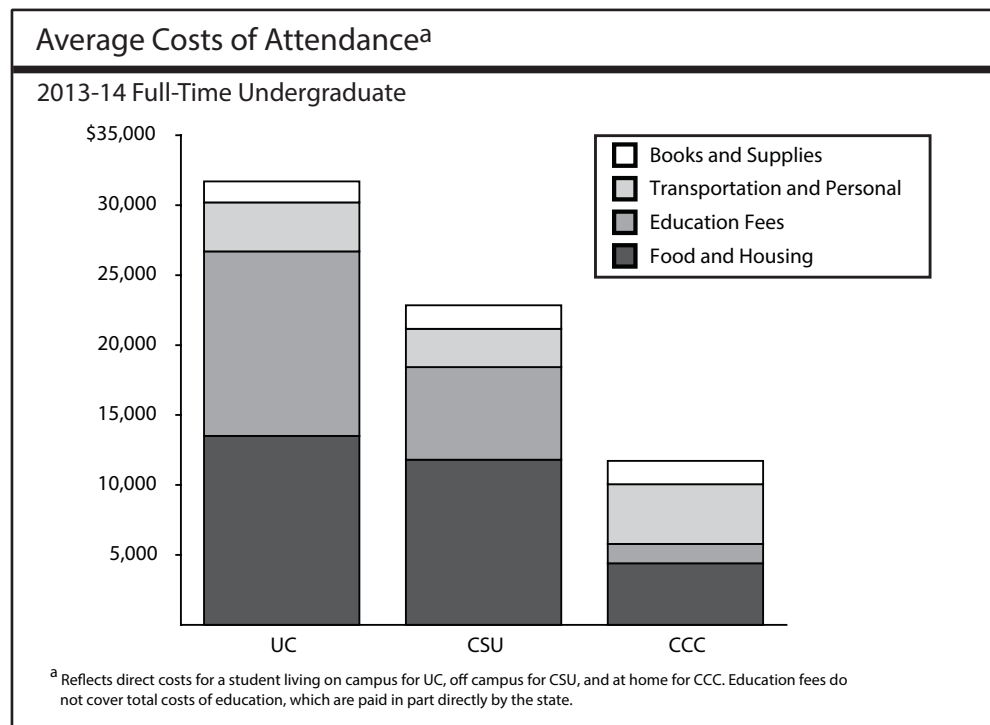
Presented to:
Assembly Higher Education Committee
Hon. Das Williams, Chair





Students' Cost of Attendance

- Living Expenses Make Up Majority of Student Budget.** These expenses, including food and housing, transportation, and personal expenses, are similar across segments.
- Costs for Books and Supplies Are About \$1,600 Annually at Each Segment.**
- Tuition and Fee Costs Differ Significantly.** Education fees comprise roughly 40 percent of average student budgets at the University of California (UC), 30 percent at the California State University (CSU), and 10 percent at California Community Colleges (CCC).





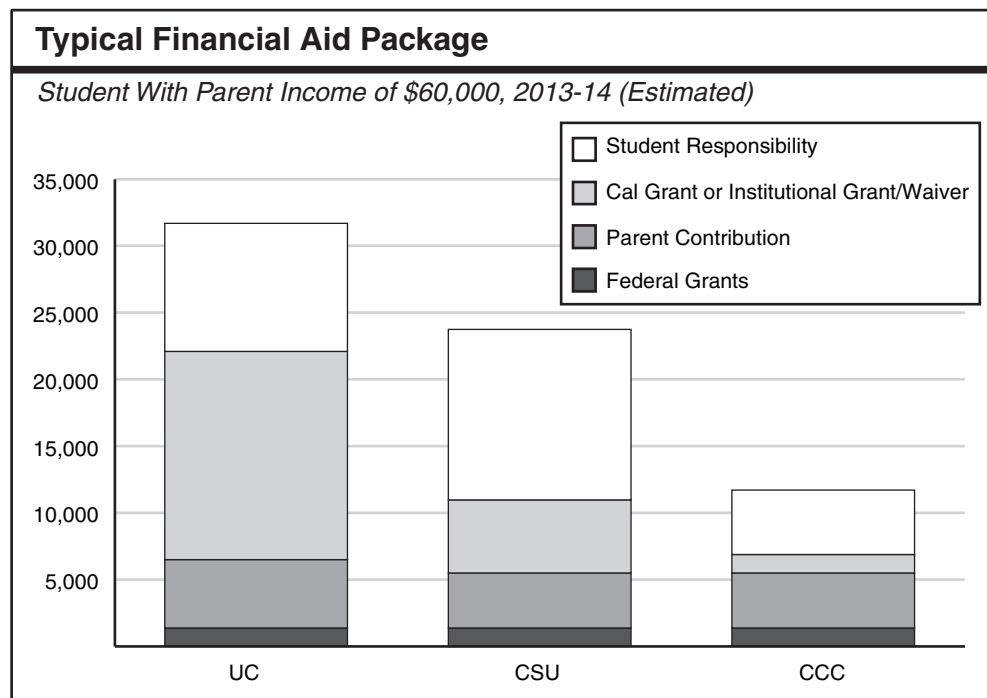
Financial Aid Is “Packaged” For Individual Students



Typical Financial Aid Packages Vary Across Segments.

Student responsibility also varies.

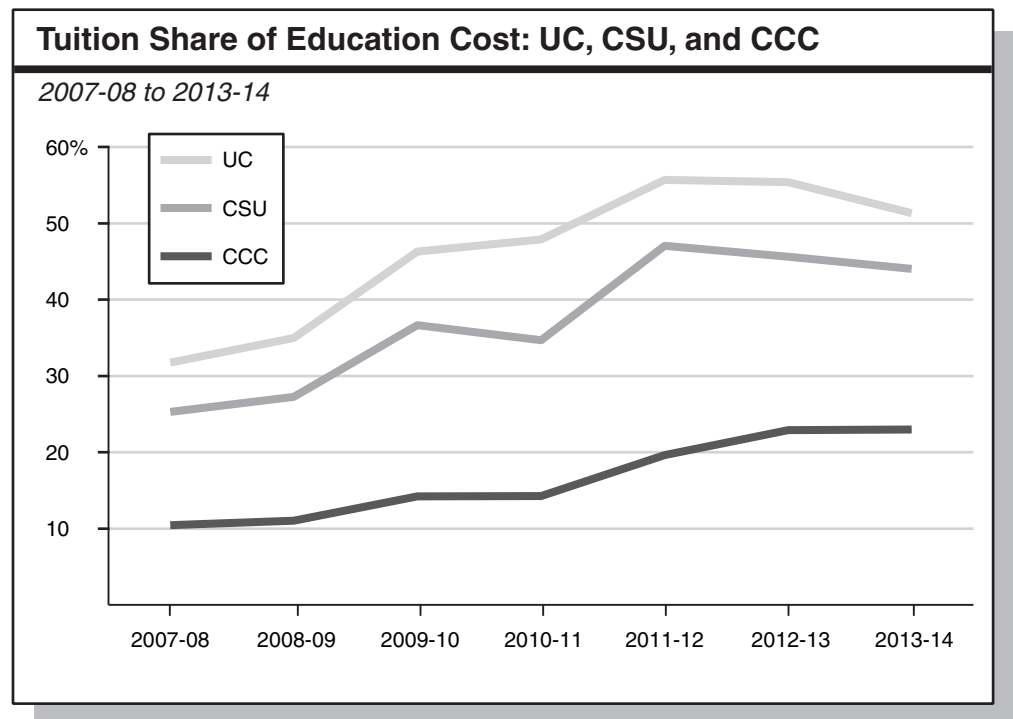
- Most financial aid programs, including federal Pell Grants, are based on student financial need.
- The students’ need is calculated from family information submitted through the Free Application for Federal Student Aid (FAFSA) and total costs of attendance.
- Because Cal Grants fully cover tuition at UC and CSU, they make up a larger share of packages for students at the universities.
- The student’s contribution is a specified amount at UC, and a varying amount at the other segments.





Tuition Covering Larger Share of Education Cost

- ☑ **Tuition-Paying Students Cover Larger Share of Average Education Costs.** Share grew during recession, leveled off.
- ☑ **Financial Aid Programs Have Been Largely Spared.** State financial aid programs have grown in tandem with tuition and fees. As a result, many students have been protected from tuition increases.





Many Students Receive Full or Partial Tuition Coverage



Grants Fully Cover Tuition for More Than Half of UC and CSU Students. Between Cal Grants and institutional aid, many lower- and middle-income families pay no tuition.

- The UC's Blue and Gold Opportunity Plan guarantees full tuition coverage for students with family incomes up to \$80,000.
- At CSU, students with family incomes up to about \$75,000 typically pay no tuition.



Nearly Half of CCC Students Pay No Fees. The Board of Governors (BOG) Fee Waiver covers about 60 percent of units taken.

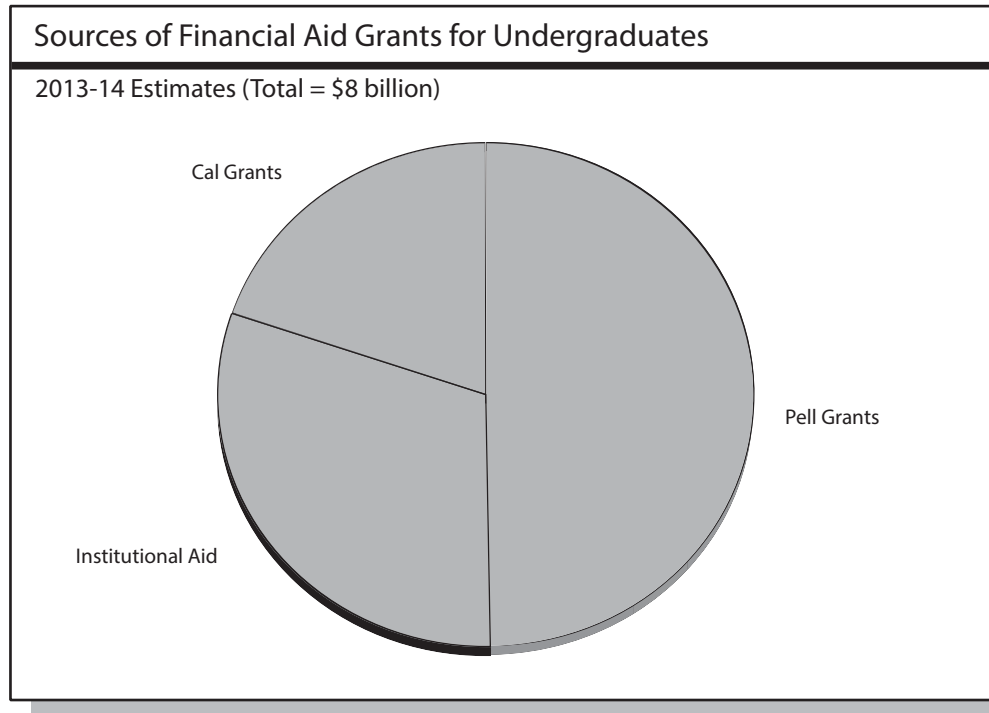
- A BOG Fee Waiver is available to any student who demonstrates financial need, maintains satisfactory academic progress, and meets residency requirements.



State Aid Programs in Context



Statewide Programs Complement Federal and Institutional Aid Programs.





How Can We Measure Affordability

- Percent of Family Income Needed to Pay Net College Costs.*
- Average Debt of Graduates.*
- Net Price of Attendance.*
 - How about net price of degree program?



Share of Family Income Average, Student Debt Relatively Low

- ☑ ***California Ranks in Middle for Share of Family Income Needed to Pay College Costs.*** In 2009, this was about 14 percent for CCC students and 17 percent for UC and CSU students.

- ☑ ***Relatively Few California Students Report High Student Debt Levels.*** In a recent survey, more than 90 percent of public college and university students reported cumulative debt of \$9,000 or less, with most reporting no debt.

- ☑ ***In 2010-11, About Half of UC and CSU Baccalaureates Graduated With No Student Loan Debt.*** Nationally, the corresponding figure is 43 percent.
 - Among UC students who borrowed, the average debt upon graduation was \$18,346, compared with a national average of \$23,065 for public universities.
 - Among CSU students who borrowed, the average debt upon graduation was \$16,648.

- ☑ ***More Than 95 Percent of CCC Students Report No Student Debt.***



Net Price Has Not Increased Much for Lower Income and Many Middle-Income Families



Increased Financial Aid Has Offset Tuition and Fee

Increases. While tuition and fees increased between 30 percent and 45 percent between 2008-09 and 2010-11, net price—the total cost of attendance after subtracting government and institutional grants and scholarships—increased 4 percent or less for most families at the universities and 6 percent at the community colleges.



Net Price Has Increased More Significantly for Some

Middle- and Higher-Income Families. Students with family income above \$110,000 at UC and \$75,000 at CSU are more likely to have absorbed tuition and other price increases.

Average Net Price of College						
<i>Total Cost of Attendance Less Financial Aid for Full-Time Resident Undergraduates^a</i>						
Family Income Level	Percent of Students	2008-09	2009-10	2010-11	Two-Year Change	
					Amount	Percent
University of California						
\$0 - 30,000	37%	\$8,200	\$8,267	\$8,545	\$345	4%
\$30,001 - 48,000	19	9,811	9,858	9,765	-46	—
\$48,001 - 75,000	18	14,403	13,939	13,526	-877	-6
\$75,001 - 110,000	12	20,981	21,045	21,606	625	3
Over \$110,000	14	23,477	25,032	26,591	3,114	13
California State University						
\$0 - 30,000	40	5,626	5,387	5,489	-137	-2
\$30,001 - 48,000	20	7,795	7,856	7,916	121	2
\$48,001 - 75,000	17	11,245	11,377	11,654	409	4
\$75,001 - 110,000	11	13,954	15,468	16,036	2,082	15
Over \$110,000	12	14,628	16,338	17,166	2,538	17
California Community Colleges						
\$0-30,000	100 ^b	5,721	5,983	6,058	337	6

^a Total cost of attendance is the sum of published tuition, required fees, books, supplies, room and board, and other expenses. Average net price is generated by subtracting the average amount of federal, state, local, and institutional grant aid from the total cost of attendance. The figure excludes students who did not apply for or receive federal student loans, grants, or work study.

^b The proportion of CCC students with family income above \$30,000 that complete the federal financial aid application is very small.



Recent Changes in Financial Aid Landscape

- ☑ ***Federal Proposals Focus on Institutional Outcomes.***
- ☑ ***Cal Grant Changes Focus on Eligibility, Outcomes, and Amounts.*** Budget actions in 2011 and 2012:
 - Require students to recertify income and assets (financial need) annually.
 - Limit institution eligibility based on student outcomes (cohort default rate and graduation rate).
 - Reduce maximum award amounts for students at nonprofit and for-profit schools.
- ☑ ***New State Scholarship Program Improves Affordability for Additional Families.*** The Middle Class Scholarship Program reduces UC and CSU tuition for families with income up to \$150,000.