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As Prepared for Delivery

Assembly Select Committee on the Master Plan for Higher Education in California

Ensuring the Master Plan Meets the Needs of Students

Affordability: Total Cost of Attendance for Students

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Thank you for inviting me to join you today. The Institute for College Access & Success (TICAS) is a nonpartisan, nonprofit research and policy organization based in Oakland. I serve as the organization's Vice President and also lead its California-focused research and policy work. Our mission is to improve both educational opportunity and outcomes, nationally and in California, so that more students complete meaningful postsecondary credentials without burdensome debt.

This committee's focus on college affordability is well placed, because the issue of college affordability is critical to both student access and success. If you can't pay the tuition bill, you can't step foot in the classroom. However, textbooks, transportation, food, and housing are also costs of attending college. If you only have resources to cover the tuition bill and not these other costs, then you may not be able to keep coming back to that classroom, day after day and week after week. You may not be able to spend time in the library, or visit the tutoring center, or professors' office hours. These are what students need to succeed in college.

The Affordability Landscape in California

As a state, we've done a relatively good job with making *access* to college affordable. In California, young adults are more likely to enroll in college than their peers nationally,¹ our community colleges

¹ National Center for Education Statistics, Digest of Education Statistics. 2015. *Table 302.65: Percentage of 18- to 24-year-olds enrolled in degree-granting postsecondary institutions, by race/ethnicity and state: 2015*. Available at: https://nces.ed.gov/programs/digest/d16/tables/dt16_302.65.asp?current=yes.

have the lowest tuition in the country,² and about half of all of California's public college and university students attend tuition free because we've long set up our state financial aid policies to keep tuition costs from being a barrier.³

But the state does not do as good of a job supporting students with non-tuition costs of college. The California Student Aid Commission estimates that for 2017-18, a full-time student living independently off-campus – which the majority of all public college students do⁴ – has over \$19,000 in costs beyond tuition, including housing, food, books and supplies, transportation, and other personal expenses.⁵

My next two slides, focused on three public colleges in the Sacramento area, demonstrate how much of a difference it makes to look at *total* college costs. If we look only at tuition, the community college is by far the least expensive option. However, when adding in non-tuition costs the differences in total costs shrink substantially.⁶

These are colleges' estimates of student costs, which we took from colleges' net price calculators. The net price of college is what it actually costs students to attend, or the full cost of college after grant aid is taken into account. Net price calculators are consumer tools to help prospective students and families understand, in advance of applying to college, what their own net price will be.

We looked at the net price calculators for 27 public colleges across the state – all nine of the undergraduate serving UCs and nearby Cal State and community college campuses – to see what it costs

² See: The College Board, Annual Survey of Colleges. 2017. *Table 5: Average Published Tuition and Fees at Public Institutions by State in Current Dollars and in 2017 Dollars, 2004-05 to 2017-18*. Available at:

<https://trends.collegeboard.org/college-pricing/figures-tables/tuition-fees-sector-state-over-time>.

³ Legislative Analyst's Office. 2016. *The 2016-17 Budget: Higher Education Analysis*. Available at:

<http://www.lao.ca.gov/Publications/Report/3372>.

⁴ Calculation by The Institute for College Access & Success (TICAS) based on data from the National Postsecondary Student Aid Study (NPSAS) 2007-08. See also Chingos, M., Lee, V., and Blagg, K. (2017). *Five Facts about the Sharp Rise in College Living Costs*. The Urban Institute. Available at:

https://www.urban.org/sites/default/files/publication/87911/five_facts_about_living_costs.pdf.

⁵ California Student Aid Commission. 2016. *2017-18 Student Expense Budgets*. Available at:

http://www.csac.ca.gov/pubs/forms/grnt_frm/studentexpensebudget.pdf.

⁶ Figures from Woodland College's, CSU Sacramento's, and UC Davis' Net Price Calculators (NPC) for a dependent student from a family of four (with one child in college) with a family income of \$20,000 (or under \$30,000 at the community college and CSU), 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). NPCs were accessed in November 2017; figures are rounded to the nearest \$100.

low-income students to attend.⁷ We focused on low-income students, defined here as having family incomes under \$30,000, because analyses of college affordability across income groups consistently show that it's the lowest income students for whom college costs are most burdensome.⁸ It's also important to note that the majority of African American, Latino, and Native American college students have family incomes under \$30,000.⁹

Looking at net price calculators we can see that our sample student would receive more than enough grant aid to cover their tuition at each of these colleges. But they're left with net prices that would require them to borrow loans or work long hours to afford. Notably, in most regions of the state, including here in the Fresno area, the community college is the most expensive option for students.¹⁰

Implications of Unaffordable College Costs

In 2016 we surveyed California community college students about the tradeoffs they face in paying for college, and the nearly 12,000 respondents overwhelmingly discussed the challenges their non-tuition costs posed.¹¹ Many students shared stories about their struggles with homelessness or near-homelessness, and pointed out how little financial aid is available to help cover living costs. Students shared stories about having to choose between buying textbooks and eating. Many students pointed to textbook costs as being unreasonably high, as much as \$200 per book, with one asking directly, "How is a low-income student supposed to afford this?" As part of our survey, we asked students what they are likely to do if they cannot afford required textbooks. One-third (32%) said they do what they could to pass their courses without the books, and 27% said they were likely to drop out of the course.¹²

This exemplifies how students, when faced with unaffordable college costs, make choices that influence whether they'll graduate, in what amount of time, and at what cost. They can borrow student loans to be paid off once they graduate. They can work, though research shows that working more than 15-20

⁷ TICAS. 2017. *What College Costs for Low-Income Californians*. Available at:

https://ticas.org/sites/default/files/pub_files/what_college_costs_for_low-income_californians.pdf.

⁸ TICAS. 2017. *College Costs in Context: A State-by-State Look at College (Un)Affordability*. Available at:

https://ticas.org/sites/default/files/pub_files/college_costs_in_context.pdf.

⁹ Calculations by TICAS on data from the U.S. Department of Education's National Postsecondary Student Aid Study, 2011-12 (NPSAS:12); includes undergraduates at all public institutions.

¹⁰ TICAS. 2017. *What College Costs for Low-Income Californians*. Available at:

https://ticas.org/sites/default/files/pub_files/what_college_costs_for_low-income_californians.pdf.

¹¹ TICAS. 2016. *On the Verge: Costs and Tradeoffs Facing Community College Students*. Available at:

https://ticas.org/sites/default/files/pub_files/on_the_verge.pdf.

¹² Ibid.

hours per week can be detrimental to academic success.¹³ And they can cut back on enrollment, which puts them at greater risk of not completing, or even drop out altogether. I want to briefly touch on each of these issues.

For a decade, we have tracked the rate at which college graduates leave school with debt, and California has consistently compared favorably to other states. Overall, among public and nonprofit four-year colleges California has the third lowest average debt at graduation. In 2015-16, 53 percent of graduates left college with an average debt of \$22,744.¹⁴ However, the burden of debt is not borne evenly. When we dig deeper, we find that underrepresented students are more likely to carry debt burdens.

In a joint effort with the Cal State Student Association, we recently found that the vast majority of CSU graduates with student loan debt came from families with income no greater than \$54,000.¹⁵ Nearly two-thirds came from families with incomes less than \$27,000. Moreover, students of color were more likely to borrow than their white peers. For example, three-quarters of African-American graduates borrowed compared to 47% of white graduates.

Public data from UC show similar trends: half of BA graduates with debt had family income less than \$55,000, and the lowest income graduates are three times as likely to have debt as their highest income peers.¹⁶ This is a critically important trend to understand as we look towards state policy solutions to ensure that a college education is affordable.

Students may also work to cover college costs. At all of the 27 public colleges you just saw on the map of California, the lowest income students would have to work more than 20 hours/week to cover net costs;

¹³ For more on how working long hours can impede academic success, see: King, Jacqueline E. 2002. *Crucial Choices: How Students' Financial Decisions Affect Their Academic Success*. American Council on Education. <https://eric.ed.gov/?id=ED469585>. Perna, Laura. 2010. *Understanding the Working College Student*. American Association of University Professors. <http://bit.ly/1UO6zEa>. Torres, Vasti, Jacob P. K. Gross, and Afet Dadashova. 2010. *Traditional-Age Students Becoming At-Risk: Does Working Threaten College Students' Academic Success?* <http://bit.ly/1qyl6Gd>.

¹⁴ TICAS. 2017. *Student Debt and the Class of 2016*. Available at: https://ticas.org/sites/default/files/pub_files/classof2016.pdf.

¹⁵ The Cal State Student Association and TICAS. 2017. *Where Debt Comes Due at CSU: Unequal Debt Burdens among California State University Graduates*. Available at: https://ticas.org/sites/default/files/pub_files/where_debt_comes_due_at_csu.pdf.

¹⁶ TICAS calculations based on data from the University of California Office of the President. 2017. *Accountability Report 2017*. Indicator 2.5.3: Student loan debt burden of graduating seniors by parent income, and Indicator 2.2.2: Undergraduate Income Distribution. Available at: <https://accountability.universityofcalifornia.edu/2017/chapters/chapter-2.html>.

and at some colleges in all three segments they would have to work more than 30 hours/week.¹⁷ Needing to spend this much time working means less time for students to be students. More than any other single topic that came out in our student survey, students shared how these tradeoffs for their time were holding them back academically.¹⁸

What the State Can Do

Moving forward, to ensure that the Master Plan's promise of educational opportunity is realized, we need more and better investments in need-based financial aid. In particular, the state needs to better recognize and address the total costs of college. And we must ensure that financial aid investments are targeted at students for whom college costs are the most burdensome, and for whom barriers to enrollment and completion are most pronounced.

Currently, the state Cal Grant program does provide some support to students for non-tuition costs, but hundreds of thousands of eligible applicants are turned away each year because too few grants are available.¹⁹ Recent high school graduates are entitled to receive a Cal Grant so long as they apply on time, but all other students must compete for a very limited number of competitive Cal Grants. In the most recent year, CSAC reports over 400,000 eligible applicants for just 25,750 awards.²⁰ Most of the students turned away have family incomes so low they cannot afford to contribute any money towards college costs.²¹

For the applicants who do receive a Cal Grant, the portion that helps cover non-tuition costs has lost most of its purchasing power. Had the award kept pace with inflation, it would be worth over \$6,500 today.²² Instead, the maximum award is \$1,672. In recent years, the Legislature created two new

¹⁷ TICAS. 2017. *What College Costs for Low-Income Californians*. Available at: https://ticas.org/sites/default/files/pub_files/what_college_costs_for_low-income_californians.pdf.

¹⁸ TICAS. 2016. *On the Verge: Costs and Tradeoffs Facing Community College Students*. Available at: https://ticas.org/sites/default/files/pub_files/on_the_verge.pdf.

¹⁹ TICAS. 2016. *How and Why to Improve Cal Grants: Key Facts and Recommendations*. Available at: https://ticas.org/sites/default/files/pub_files/how_and_why_to_improve_cal_grants.pdf.

²⁰ See: 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>.

²¹ TICAS. 2016. *How and Why to Improve Cal Grants: Key Facts and Recommendations*. Available at: https://ticas.org/sites/default/files/pub_files/how_and_why_to_improve_cal_grants.pdf.

²² Calculation by TICAS of Cal Grant B access award value based on data from the California Postsecondary Education Commission. 2010. *Fiscal Profiles 2010*. Display 45. 1969-70 figure adjusted for inflation using the California Consumer Price Index. <https://www.dir.ca.gov/OPRL/CPI/EntireCCPI.PDF>. The 2017-18 maximum access award includes \$24 from the College Access Tax Credit Fund, in addition to the budgeted amount.

financial aid programs that increase this award for full-time community college students.²³ This is very important progress in the right direction. And it's also important to recognize that less than five percent of California community college students receive the Cal Grant upon which these additional aid programs are based.²⁴

I would like to close by sharing findings from one more report that is relevant to today's conversation. We recently interviewed 22 experts throughout the state about their perceptions of strengths and challenges related to college affordability in California.²⁵ Among these experts there was resounding consensus that California has a college affordability problem, and all interviewees agreed that improving college affordability means focusing on covering non-tuition costs. Many also expressed the importance of doing more for the neediest students, including non-traditional and underserved students, community college students, former foster youth, and first-generation students.²⁶

Experts also universally agreed that affordability challenges negatively impact students in several ways. While student debt burdens rose to the top, almost as equally concerning were impacts on initial enrollment and attendance intensity, equity gaps, and rates of and time to completion.²⁷

Within our current state financial aid structure, the simplest way to make targeted investments to address these challenges is to increase the number of Cal Grants available and the size of the grant for non-tuition costs.²⁸ Yet the experts with whom we spoke also underscored the need for broader systemic reform and the need to reduce the complexity of the financial aid system, as well as correcting outdated assumptions to focus on today's college students.²⁹ The Legislative Analyst's Office put out a proposal for financial aid reform last year,³⁰ and the California Student Aid Commission is considering

²³ To learn more about the Full-Time Student Success Grant and the Community College Completion Grant, see: <http://extranet.cccco.edu/Divisions/StudentServices/FinancialAid/FinancialAidPrograms.aspx>.

²⁴ TICAS calculations based on annual student count data from the California Community Colleges Chancellor's Office's Data Mart and Cal Grant receipt data from the California Department of Finance.

²⁵ TICAS. 2018. *Unpacking California College Affordability: Experts Weigh in on Strengths, Challenges, and Implications*. Available at: https://ticas.org/sites/default/files/pub_files/ticas_report_ca_affordability_final.pdf.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Californians for College Affordability. 2017. *Coalition Letter Urging Strengthening of Cal Grants in 2017-18 California Assembly Budget Subcommittee*. Available at: https://ticas.org/sites/default/files/pub_files/asm_budget_sub2_coalition_letter_030617.pdf.

²⁹ TICAS. 2018. *Unpacking California College Affordability: Experts Weigh in on Strengths, Challenges, and Implications*. Available at: https://ticas.org/sites/default/files/pub_files/ticas_report_ca_affordability_final.pdf.

³⁰ Legislative Analyst's Office. 2017. *Creating a Debt Free College Program*. Available at: <http://www.lao.ca.gov/reports/2017/3540/Debt-Free-College-013117.pdf>.

reform options as we speak. These are enormously important conversations, and we need to get it right. Implementing reforms will require both political leadership and additional investment, but the extent of consensus around the affordability problem and its implications underscore the costs of inaction.

Thank you for the opportunity to speak with you today, and I'm happy to answer any questions.