

## College Costs and Affordability in California

Assembly Budget Subcommittee No. 2 on Education Finance

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Income Range	What does college <u>cost</u> ?			Is the cost of college <u>affordable</u> ?					
	2012-13 Net Price by Family Income			Share of <i>Total Income</i> Required to Pay the Cost			Share of <i>Discretionary Income</i> Required to Pay the Cost		
	UC	CSU	CCC	UC	CSU	CCC	UC	CSU	CCC
\$0 - \$30,000	\$8,847	\$6,717	\$5,832	29%	22%	19%	65%	49%	43%
\$30,001 - \$48,000	\$9,976	\$8,903	-	21%	19%	-	32%	28%	-
\$48,001 - \$75,000	\$13,334	\$13,148	-	18%	18%	-	23%	22%	-
\$75,001 - \$110,000	\$20,974	\$18,177	-	19%	17%	-	22%	19%	-
> \$110,000	\$28,173	\$19,946	-	19%	13%	-	21%	15%	-

(See reverse for source and methodology notes)

**Net college costs** (total costs minus grant aid) increase with family income, so that students with higher family incomes face higher costs.

**College affordability**, as measured by the proportion of family income needed to pay college costs, is *inversely* related to family income, with lower income families expected to contribute a much larger share of their income to paying for college than higher income families. This is true whether you look at total income or at discretionary income (which acknowledges that some amount of family resources must go toward paying for basic needs).

**Cal Grant improvements can help make college more affordable for low- and middle-income families:**

- **Increasing the Cal Grant B access award** will help cover more of low-income recipients' costs, enabling them to limit their work hours and focus on their studies.
- **Serving more of the state's students** who meet Cal Grant financial and merit criteria, by increasing the number of competitive awards or expanding eligibility for entitlement grants.
- **Including tuition awards for first-year Cal Grant B recipients** will better enable low-income students to choose the college that is right for them.

## Source and Methodology Notes:

### I. 2012-13 net price

1. 2012-13 net price figures represent average weighted net prices for first-time, full-time in-district/in-state Title IV aid recipients reported to the Integrated Postsecondary Education Data System (IPEDS).
2. In 2012-13, California Community Colleges reported to IPEDS that less than 1% of first-time, full-time in-district/in-state Title IV aid recipients had total incomes of more than \$30,000. These students are therefore excluded from this analysis.

### II. Share of total income required to pay the cost of college

1. Share of total income required to pay the cost of college is calculated as [net price for income level / income level].
  - a. Income levels used in these calculations were selected at the top end of each income range (e.g. a household income of \$30,000 is used in conjunction with average net price for students with household incomes between \$0 and \$30,000). Estimates for share of income required to pay the cost of college are therefore conservative, and would be higher for students who fall elsewhere within the respective income ranges, particularly the lower income ranges.
  - b. Note that \$150,000 is selected as the income level for the > \$110,000 income group. Figures from the National Postsecondary Student Aid Study (NPSAS) for California students in 2007-08, the most recent year available, indicate that the median household income for students receiving Title IV aid with more than \$110,000 in household income was \$147,677, or \$150,000 when rounded to the nearest \$5,000. The share calculated for the highest income range is therefore likely not as understated as the shares calculated for the other income ranges, which use the top end of each income range rather than the median.

### III. Share of discretionary income required to pay the cost of college

1. Discretionary income calculated as [income level – 150% \* poverty level for a household of 1 in given year]. Income for net price figures (and Title IV eligibility) is for the calendar year prior to a given award year (2011 for the 2012-13 award year).
  - a. Source for poverty level in 2011 (U.S. Department of Health & Human Services):  
<http://aspe.hhs.gov/poverty/11poverty.shtml>
2. Share of discretionary income required for net price is calculated as [net price for income level / discretionary income for income level].
  - a. The underlying income levels used in these calculations are the same as those described in notes II.1.a and II.1.b. Estimates for share of discretionary income required to pay the cost of college are therefore conservative, with the exception of the highest income range.
  - b. Calculated shares for a given income level will be higher for households with more than one member since they have less discretionary income available.