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

How Financial Aid Supports Access and Success in California

The role of financial aid in helping with access to and success in college is well documented. Many studies on the effectiveness of federal, state, and institutional grant programs have found that grant aid increases students' likelihood of enrolling in college. Studies of need-based grant programs have also found that grants help students persist and succeed.

Beyond the research, it is easy to understand why aid is critical to student access and success. If you can't pay the tuition bill, you can't step foot in the classroom. That is how financial aid supports *access* to college – by helping students cover the tuition charges that allow them to enroll. However, textbooks, transportation, food, and housing are all 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. That is why, to facilitate students' access to and success in college, it is important that students be able to cover the total cost of attendance with available savings, earnings, and grant aid.

What College Costs for Low-Income Students

I'm happy to share with you all today a recent TICAS analysis (see page 5) that compares what college costs for low-income students at public colleges across the state. This analysis focuses on low-income students for several reasons. One reason is that the large and stubborn income gaps in college-going and college completion require we pay particular attention to low-income students.[1] Further, the burden of college costs falls most heavily on the lowest income students, as several TICAS prior analyses have documented.[2] Finally, and despite myths to the contrary, the burden of student loan debt in California is borne most heavily by low-income students.[3]

The net prices shown – for each of the nine undergraduate-serving campuses of the University of California and nearby California State University and community college campuses – reflect the colleges' own estimates of what low-income students have to pay, after subtracting available grant aid, to cover total college costs. All of these net price figures can be found in Table 1 (see page 7). This is for a student from a family of four, with a family income of under $30,000. Our sample student lives off campus, independent from their parents, as that is how the majority of students across all three segments resides.[4]

According to colleges' net price estimates, the lowest cost option for a low-income student in California would be UC Berkeley, despite tuition that is about double Cal State East Bay's and more than ten times that of Berkeley City College. In fact, as you can see, in none of the nine regions shown does the lowest tuition school – the community college – have the lowest net price, and in six regions the community college is more expensive than either public university option.

At each of these colleges, low-income students receive total grant aid that's larger than their tuition and fees, so none of these students are paying tuition. However, the amount of grant aid students receive to cover non-tuition costs varies by school and by segment. The student at UC Berkeley gets about $6,000 in grants to help with non-tuition costs, compared to the less than $4,000 for the student at Berkeley City College. As a result, the Berkeley City College student must pay for more out of pocket.

How Students Cover College Costs

Students at all types of schools typically cover their net costs through a combination of family resources, work, and student loans. In many cases, students and their parents have resources from earnings and savings to contribute toward paying for college – called an Expected Family Contribution, or EFC – but the students reflected on this map have an EFC of zero, meaning the U.S. Department of Education considers their income to be so low that they cannot afford to contribute anything.

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[1] The Pell Institute for the Study of Opportunity in Higher Education and The University of Pennsylvania Alliance for Higher Education and Democracy (PennAhead). 2015. *Indicators of Higher Education Equity in the United States: 45 Year Trend Report, 2015 Revised Edition*. http://www.pellinstitute.org/downloads/publications-Indicators_of_Higher_Education_Equity_in_the_US_45_Year_Trend_Report.pdf.

[2] TICAS. 2015. "College Costs and Affordability in California." http://ticas.org/sites/default/files/pub_files/college_costs_and_affordability_in_ca_handout_2012-13_asm_sub_2.pdf.

[3] University of California. 2015. *Annual Accountability Report 2015*. Indicator 2.5.3: Student loan debt burden of graduating seniors by parent income, Universitywide. http://accountability.universityofcalifornia.edu/2015/chapters/chapter-2.html#2.5.3. 2013-14 graduates from the lowest income bracket ($0-$53K) were about three times as likely to borrow as their peers from the highest income bracket ($159K+).

[4] Calculations by TICAS on data from the U.S. Department of Education, 2008 National Postsecondary Student Aid Study.

After student and family contributions, many students work to earn money to cover their costs. While there is some research that suggests working a modest amount while enrolled is not harmful, and may indeed be helpful, the research is very clear that working too much is detrimental to student success. More specifically, students who work more than 20 hours per week are much less likely to graduate than those who work less.[5]

Table 2 (see page 7) shows how many hours of work it would take each week throughout the academic year to cover those net prices. There is not a single public college in the state at which low-income students can cover their net price while working less than 20 hours per week. At the majority of community colleges, the number of work hours needed each week is 35 or more.

In other words, low-income students at public colleges in California cannot afford to pay for college costs through their own resources, grants, and a moderate amount of work. This is a significant affordability problem for these students, and it shows up in two different ways.

First, many students reduce their need to work by borrowing. This is fairly common at UC and CSU, and very rarely the case at the community colleges in California, as shown in Table 3 (see page 7). While these are the best data available on annual borrowing rates by school, it's important to realize that these are for all undergraduates, not low-income students.

There are some limited data that exist at the segment level on borrowing by income, shown in figure 1. As you can see, students with family incomes $30,000 or below are most likely to borrow at UC, CSU, and the CCCs. At all three public segments, students' likelihood of borrowing decreases as their income increases. These figures are the most recent of their kind available but they are dated, and reflect students enrolled in 2007-08. However, more recent data that the University of California produces annually suggest that, at least at UC, low-income students remain most likely to borrow. Among students who graduated in 2013-14, three-quarters (74%) from families with incomes under $53,000 had student loan debt, a much higher share than any other income group.

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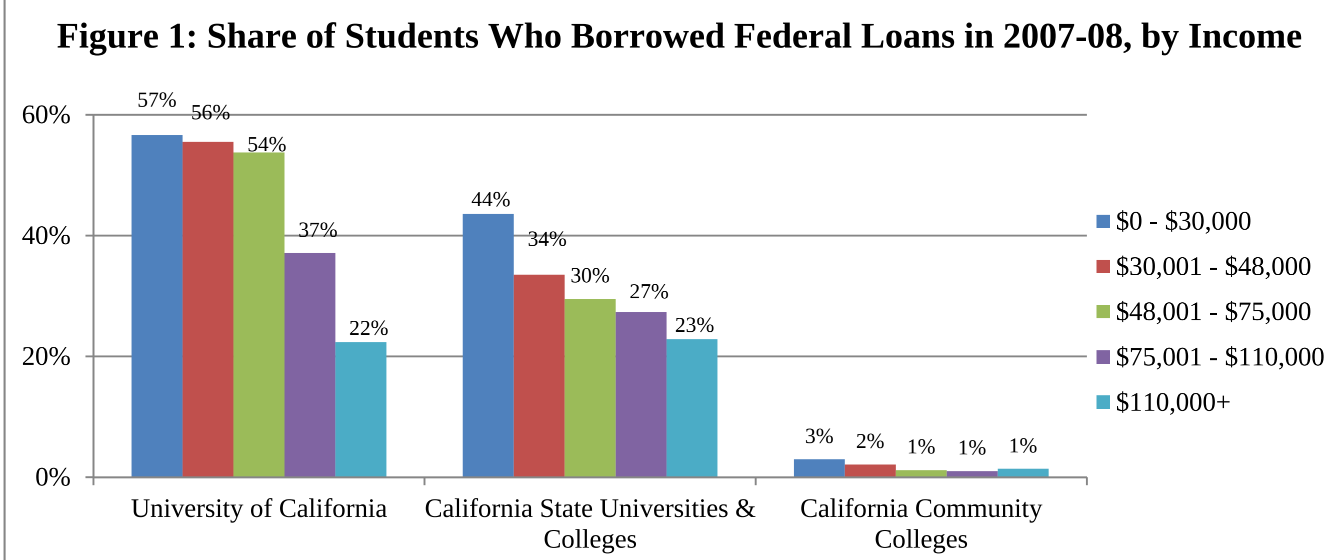
[5] CALPIRG. 2009. *Working Too Hard to Make the Grade: How Fewer Work Hours and More Financial Aid Can Help California Community College Students Succeed*. http://www.uspirg.org/sites/pirg/files/reports/workingtoohard.pdf. American Council on Education. 2002. *Crucial Choices: How Students' Financial Decisions Affect Their Academic Success*. http://eric.ed.gov/?id=ED469585. Orszag, Jonathan M., Peter R. Orszag, and Diane M. Whitmore, commissioned by UPromise, Inc. 2001. *Learning and Earning: Working in College*. https://www.brockport.edu/academics/career/supervisors/upromise.html.



Notes: Total income of independent students and parents of dependent students. Excludes federal PLUS loans.

The second way in which low-income students' affordability challenges manifest themselves is by attending college part time, effectively reducing the amount of time needed to be a student in order to make more time to work. However, there's a clear correlation between the amount students spend engaged with school – whether in classes or engaging with course material – and their ability to learn, pass their courses, and graduate.

Table 4 (see page 7) shows the share of college students at several campuses that was enrolled full time in Fall 2013. Full-time enrollment rates at the community colleges are much, much lower than at the universities. To be clear, many community college students choose to enroll part time, and we should enable them to do so. But it is not a real *choice* if we require students who want to enroll full time to be full-time employees at the same time. These low rates of full-time enrollment at the community colleges are an affordability problem in disguise, and one that decreases students' ability to persist, graduate, and transfer.

While these two problems are distinct, their solution is the same. Increasing the grant aid available to students who would otherwise need to borrow heavily or attend college part time will reduce the burden of student loan debt on low-income students, and enable low-income students who do not want or are not able to borrow loans to take more classes and graduate.

Recommendations

Within the realm of Cal Grants, the two most important improvements would be to:

1. Increase the Cal Grant B Access Award, which helps low-income recipients limit their work hours and focus on their studies. This access award was increased in the 2014-15 state budget

and through legislation authored by Senator De León and signed into law in 2014. Yet the current grant amount of $1,656 holds just one-quarter of the purchasing power the grant had at its inception.

2. Serve more of the state's eligible Cal Grant applicants. Hundreds of thousands of students who meet the financial and merit criteria set by the state for Cal Grants are turned away each year, because there aren't enough awards to go around. The 2015-16 budget agreement increased by 3,250 the number of awards available annually, but far more needs to be done.

These recommendations are further underscored in a new report from TICAS and 20 other organizations representing student, civil rights, business, workforce, and other higher education groups across the state.[6] Among other things, that report documents that the number of eligible applicants who do not receive competitive grants exceeds the number of students offered Cal Grant awards of all types combined. That is because most eligible Cal Grant applicants are more than one year out of high school, at which point their entitlement to a Cal Grant ends and their odds of receiving a Cal Grant offer become very long.

The severity of the problem, and the importance of solving it, are why so many constituencies across the state have come out in favor of making more grants available.

I'm happy to take questions about either of these new analyses. Thank you for your time.

[6] TICAS. 2016. *How and Why to Improve Cal Grants: Key Facts and Recommendations.* http://ticas.org/sites/default/files/pub_files/how_and_why_to_improve_cal_grants.pdf.

What Does College *Really* Cost for Low-Income Students across California?

The total cost of college includes far more than tuition and fees. Textbooks, transportation, food, and housing are all costs of attending college.

The net prices shown here – for each of the nine undergraduate-serving campuses of the University of California and nearby California State University and community college campuses – reflect the colleges' own estimates of what low-income students have to pay, *after* subtracting available grant aid, to cover total college costs.

Colleges with low tuition may not have low net prices, and colleges with high tuition may not have high net prices. In none of the nine regions shown here does the lowest tuition school – the community college – have the lowest net price, and in six regions the community college is more expensive than *either* public university option.

Net Price Legend
- Lowest
- Midrange
- Highest

What Does College *Really* Cost for Low-Income Students across California?

Supplemental Tables

Assessing Community College Affordability

Assembly Budget Subcommittee No. 2 on Education Finance

March 15, 2016

Table 1: Net Cost for Low-Income Students at Public California Colleges

UC Campus Region	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	Santa Barbara	Santa Cruz
UC	$8,000	$8,500	$9,300	$8,700	$9,000	$9,800	$13,000	$9,700	$14,300
CSU	$10,800	$9,900	$11,700	$11,600	$9,900	$9,200	$10,600	$11,800	$11,800
CCC	$13,500	$15,400	$13,400	$13,700	$12,400	$15,200	$12,600	$11,300	$13,700

Table 2: Number of Weekly Work Hours Needed for Low-Income Students to Earn the Net Cost

UC Campus Region	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	Santa Barbara	Santa Cruz
UC	21	22	24	22	23	25	33	25	37
CSU	28	25	30	30	25	24	27	30	30
CCC	35	39	34	35	32	39	32	29	35

Table 3: Share of Undergraduates Borrowing Federal Student Loans, 2013-14

UC Campus Region	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	Santa Barbara	Santa Cruz
UC	27%	42%	43%	36%	55%	55%	41%	42%	55%
CSU	39%	40%	33%	36%	40%	45%	37%	42%	48%
CCC	2%	0%	1%	1%	0%	2%	2%	10%	3%

Table 4: Share of Undergraduates Enrolled Full Time, Fall 2013

UC Campus Region	Berkeley	Davis	Irvine	Los Angeles	Merced	Riverside	San Diego	Santa Barbara	Santa Cruz
UC	97%	97%	98%	98%	99%	98%	97%	99%	98%
CSU	87%	81%	81%	83%	84%	88%	89%	86%	93%
CCC	16%	31%	34%	36%	48%	27%	19%	44%	34%

See following page for college names, notes, and citations

Notes:

Map and Table 1: 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 of 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). NPCs were accessed in January 2016; figures are rounded to the nearest $100.

Each of the nine undergraduate-serving University of California (UC) campuses is paired with a local California State University (CSU) and the nearest California Community College (CCC) campus. The colleges in the nine regions are as follows:

1: UC Berkeley, CSU – East Bay, Berkeley City College
2: UC Davis, CSU – Sacramento, Woodland College
3: UC Irvine, CSU – Fullerton, Irvine Valley College
4: UC Los Angeles, CSU – Los Angeles, Santa Monica College
5: UC Merced, CSU – Stanislaus, Merced College
6: UC Riverside, CSU – San Bernardino, Riverside City College
7: UC San Diego, CSU – San Diego, San Diego Miramar College
8: UC Santa Barbara, CSU – Channel Islands, Santa Barbara City College
9: UC Santa Cruz, CSU – Monterey Bay, Cabrillo College

Table 2: Assumes the student is working 39 weeks out of the year for $10 per hour.

Table 3: Figures from the U.S. Department of Education, Integrated Postsecondary Education Data System for 2013-14, the most recent data available.

Table 4: Figures from the U.S. Department of Education, Integrated Postsecondary Education Data System for Fall 2013, the most recent data available.