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As Prepared for Delivery

California Assembly Higher Education Committee Oversight Hearing
Affordability as a Barrier to Access and Success at
California's Public Colleges and Universities

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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 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.

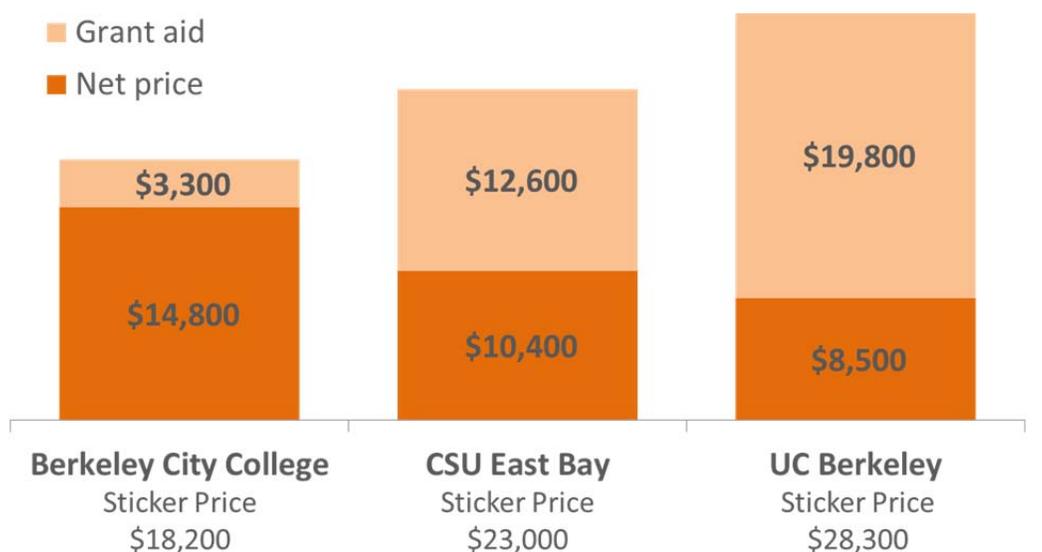
How Financial Aid Supports Access and Success in California

If you ask most people about what it costs to go to college, they often point to the costs that are unique to the college experience: namely tuition. And asking students whether college feels "affordable" will elicit responses about the direct expenses – in other words, how easy or difficult is it for my family to pay the tuition bill? This is the framework under which community colleges are popularly conceived of as the "affordable college option," and the framework under which concerns about college affordability get addressed through tuition reductions or waivers. For most students, however, the bulk of college costs are actually comprised of other expenses, including textbooks, transportation, and room and board.

Another way to think of it is that, 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. But 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. For financial aid to support student success and not simply access, it needs to facilitate students' ongoing attendance and participation.

The following bar chart shows three Bay Area colleges' sticker prices and net prices. Sticker prices are the full cost of attending a particular college, as defined under federal law and used broadly for financial aid eligibility. Net prices are what students are actually expected to pay, either out of pocket or through loans – it's the sticker price of the college minus the grant aid that's available to them.

Net Price vs. Sticker Price at Three Public California Institutions



The figures here are estimates of sticker and net prices based on the colleges' own data, for a sample student with about \$25,000 of family income. These data flip common assumptions about college affordability on their head. At each college, students receive total grant aid that's larger than their fees, so financial aid is making access to college possible. But financial aid supports students' success to vastly different extents depending on the type of college students attend. The student at Berkeley City College may have the smallest tuition bill, but, because she gets one-sixth of the grant aid the UC Berkeley student gets and one-fourth of the grant aid the Cal State East Bay student gets, she's got to come up with far more out of pocket than the others.²

When faced with insufficient grant aid, most students work to cover some of their expenses, in some cases also cutting back on the number of courses they're taking to make room in their schedule for work. This is a huge impediment to student success. Students who drop out of college are almost twice as likely to point to their ongoing challenges balancing work and school as a major reason they left school as they are to blame their tuition bill (54 percent compared to 31 percent).³

¹ Figures are produced by each school's Net Price Calculator for an off-campus student not living with parents with an 'expected family contribution' or EFC of zero, and rounded separately to the nearest \$100. Berkeley City College and UC Berkeley are based on the 2011-12 award year; CSU East Bay is based on the 2012-13 award year.

² Id.

³ Public Agenda. *With Their Whole Lives Ahead of Them: Myths and Realities About Why So Many Students Fail to Finish College*. 2009. Page 7. <http://www.publicagenda.org/files/theirwholivesaheadofthem.pdf>.

Cal Grant Overview

The previous chart includes grant aid of all types but I want to shift a bit to help illustrate how state financial aid fits into the college affordability picture – both in terms of

its strengths as a program and its tendency to drive some of these differences in net price. The Cal Grant program is the centerpiece of state financial aid in California, and is the largest need-based state grant program in the country. It provides about \$1.5 billion per year and comes in fifth in the number of students served.⁴



- > #1 in total dollars provided
- > #5 in number of students served
- > #16 in dollars provided per full-time equivalent student

Fortunately, with strong support from the legislature and Governor, the program has remained largely – though not entirely – intact in the recent, difficult budget years. The grants at the universities, and the University of California in particular, are relatively large. They have served to reduce the college sticker shock faced by Californians and enabled students to graduate with some of the lowest average debt amounts in the nation.

Not all grants are so large, however. Depending on which public college a Cal Grant recipient attends, the value of the maximum award ranges from roughly \$1,500 to more than \$12,000.⁵ In 2012-13, at UC Berkeley, the maximum first-year Cal Grant covered 43 percent of total costs. At Cal State East Bay, it was about half that share – 22 percent. And at Berkeley City College, the maximum Cal Grant covered just eight percent of total costs.⁶

⁴ California Cal Grant spending and ranking in students served are TICAS calculations based on 2011-12 data from the National Association of State Student Grant & Aid Programs' Annual Survey Query Tool. <http://www.nassgap.org/customquery/>.

⁵ Tuition/system-wide fees and total cost of attendance for full-time students living off-campus without parents who attend CSU East Bay, UC Berkeley, and California College of the Arts are those published on the college's websites. As Berkeley City College did not publish a total student budget for 2012-13, TICAS calculated system-wide fees and total cost of attendance for the college using published system fees (\$46/unit at 24 units) and other educational costs estimated by CSAC. http://www.csac.ca.gov/pubs/forms/grnt_frm/studentexpensebudget.pdf. TICAS assumes Cal Grant A awards for all students except CCC students who receive Cal Grant B. Maximum first year Cal Grant awards found in the final 2012-13 California budget. <http://www.ebudget.ca.gov/2012-13-EN/Enacted/BudgetSummary/BSS/BSS.html>.

⁶ Id.

2012-13 Costs and Cal Grants	Berkeley City College	CSU East Bay	UC Berkeley
Tuition and Systemwide Fees	\$1,104	\$5,472	\$12,192
Total College Costs	\$17,889	\$24,771	\$28,492
Maximum 1st-Year Cal Grant	\$1,473	\$5,472	\$12,192

Share of Total Costs Covered by Maximum 1st-Year Cal Grant	8%	22%	43%
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These figures reveal vast differences in award amounts, but many low-income students in California don't receive any awards. In fact, just under a quarter of the very lowest income students in the state – those with no resources to put towards paying for college – get Cal Grants.⁸ To be clear, this is the share of enrolled college students who applied for federal aid and had no money for college. It says nothing about those who lacked either the knowledge or ability to apply for financial aid or those who never enrolled in college.

Cal Grant Recommendations

A few months ago, fifteen organizations across the state came together to release a report documenting recent Cal Grant facts and trends, and made suggestions for how the program should be strengthened to better serve today's students. Besides TICAS, these organizations included civil rights groups NAACP and MALDEF, leading higher education policy groups California Competes and the Campaign for College Opportunity, the LA Area Chamber of Commerce, and every public college student association in California, to name just a few. With the shared priority of using available financial aid dollars to help the neediest students in the state, this group made three core recommendations for the Cal Grant program:

1. **Increase the Cal Grant B Access Award**, which helps low-income recipients limit their work hours and focus on their studies. This stipend was worth \$900 in 1969-70, the year of its inception. Since 2012-13, it has been worth \$1,473 – one quarter of what the original award would be worth had it kept pace with inflation.⁹

⁷ Id.

⁸ Calculations by TICAS using data from NPSAS:08. Includes students who applied for federal aid and had an 'expected family contribution' or EFC of zero, meaning that they were not expected to be able to contribute anything financially toward college costs.

⁹ Calculation by TICAS of Cal Grant B stipend value based on data from the California Postsecondary Education Commission. 2010. Fiscal Profiles 2010. Display 45. <http://www.cpec.ca.gov/completereports/2010reports/10-22/42-46.pdf>. 1969-70 figure adjusted for inflation using the California Consumer Price Index. <http://www.dir.ca.gov/OPRL/CPI/EntireCCPI.PDF>.

2. Serve more Cal Grant-eligible students. At the community colleges, which enroll two-thirds of the state's undergraduate students, only 16 percent of the lowest income aid applicants receive Cal Grants.¹⁰ One of the primary reasons for this is the grossly insufficient number of awards available to students who do not go directly to college after high school – the 22,500 competitive Cal Grants.¹¹ In 2012-13, there were seventeen eligible applicants for every competitive award available.

23% In California, 23% of very low-income students who apply for aid receive a Cal Grant.

Of very low-income students:

77% UC students are the most likely to receive a Cal Grant.

16% CCC students are the least likely to receive a Cal Grant.

3. Include tuition awards for all first-year Cal Grant B recipients to enable low-income students to choose the college that is right for them. Through Cal Grant A, the state already provides four years of tuition and fee support, but the lowest income students, who receive Cal Grant B, do not receive tuition and fee support until their second year of college. This works to steer Cal Grant B recipients away from four-year colleges, where they are most likely to complete a degree.

We appreciate the unprecedented focus this year within the legislature on strengthening the Cal Grant program and recognize that a number of bills introduced this year are efforts to address just these inequities. Many of the organizations that joined together to release the report have supported recent Cal Grant legislation: in particular, AB 1241 (Weber), AB 1285 (Fong), AB 1287 (Quirk-Silva), AB 1364 (Ting), and SB 285 (De León).

Middle Class Scholarship (MCS) Recommendations

Since the release of this joint report, of course, a new statewide program was created: the Middle Class Scholarship. This program aims to provide tuition relief to students with family incomes up to \$150,000 – more than five times the family income of a typical entitlement Cal Grant recipient.¹² This is an enormous charge, and estimates suggest that the dollars allocated for this program will not be enough to cover the anticipated scholarships for all eligible students. The statute provides that, in the case of insufficient funds, all scholarships are to be decreased across the board, but the result could be awards too small to provide real tuition relief.

¹⁰ Calculations by TICAS using data from NPSAS:08. See footnote 8.

¹¹ California Student Aid Commission. Cal Grant Program Summary. <http://www.csac.ca.gov/doc.asp?id=568>.

¹² Based on CSAC data, the average 2012-13 Cal Grant A & B entitlement recipient's family income is \$27,248 for high school awardees and \$24,511 for CCC transfer awardees. http://www.csac.ca.gov/pubs/forms/grnt_frm/entitlement_and_competitive_averages.pdf.

In light of an expected shortfall, the legislature may want to consider modifications to the program that would better target the available dollars. And in light of the huge numbers of low- and truly middle-income students who remain underserved by the Cal Grant program, and research that clearly documents that meeting students' financial need can help them get to and through college, we would recommend that this group of students be the priority. Such modifications could include:

1. Prioritizing applicants with the greatest need:

- a. Currently, students can get scholarships even if they can already afford to pay full college costs, as defined by federal needs analysis. Scholarship dollars would have more of an impact, though, if they were limited to the students who need them, and to the amount they actually need.
- b. Another option to prioritize needier applicants would be to adjust the sliding scale to provide larger subsidies to Californians at or below California median household income – roughly \$60,000.¹³ A sliding scale kicks in for families with more than \$100,000 of income, but everyone below \$100,000 receives the same subsidy.

2. Targeting dollars by limiting students' years of MCS eligibility to the same number as for Cal Grants. Whereas low- and middle-income Cal Grant recipients can generally receive grants for only four years, there is no limit to the number of years higher-income MCS recipients can receive their scholarships. Putting similar limits on the two programs would not just help target scholarship dollars but also help to level the playing field between higher- and lower-income aid recipients.

3. Finally, the MCS program could better tackle the state's affordability problems if it included students beyond UC and CSU. The community college system enrolls two-thirds of the state's undergraduate students, and their students face substantial affordability challenges. Community college students are the most likely to be underserved by the Cal Grant program.¹⁴ MCS legislation considered in 2012 included support for community college students, but the MCS program created in 2013 did not.

Those conclude my policy recommendations for strengthening state financial aid. Thank you again for inviting me here to share them. I'm happy to take your questions about them at the end of the panel, or at any time in the future.

¹³ Census Quick Facts, California. <http://quickfacts.census.gov/qfd/states/06000.html>.

¹⁴ Calculations by TICAS of shares of 2010-11 Cal Grant awards and dollars, by sector, based on data provided by CSAC on September 24, 2012.