

# UNPACKING CALIFORNIA COLLEGE AFFORDABILITY:

## Experts Weigh in on Strengths, Challenges, and Implications

FEBRUARY 2018



the institute for  
**college**  
access & success

## ACKNOWLEDGEMENTS

The Institute for College Access & Success (TICAS) is an independent, nonprofit, nonpartisan organization working to make higher education more available and affordable for people of all backgrounds.

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# INTRODUCTION

Concerns about college costs and affordability are widespread, but who is impacted and what does that impact look like in California? We asked these questions of 22 higher education and financial aid experts with a broad array of experiences and viewpoints to understand more about college affordability and the policymaking landscape in California.<sup>1</sup>

Among the experts we spoke with, there was resounding agreement that California has a college affordability problem, despite the state having long prioritized keeping tuition low or even free. Key takeaways include:

- Affordability issues disproportionately affect lower income, underrepresented, and non-traditional students, including community college students in particular who have access to less financial aid than students at four-year institutions.
- Affordability challenges contribute to inequities in college enrollment, completion, and student debt burdens, with low-income and minority students less likely to enroll in or complete college, and more likely to have borrowed for college.
- Housing and food insecurity issues plague students across all types of colleges, adversely impacting students' ability to enroll, graduate, or minimize student loan debt.

- Existing state aid programs are not designed to sufficiently address non-tuition costs of college, including housing, food, textbooks, and transportation, particularly in high-cost areas of the state.

According to every one of the experts, improving college affordability in California requires better supporting students' ability to pay for non-tuition costs such as housing, food, and transportation, with most experts believing that additional aid is especially needed at community colleges. Additionally, experts universally agreed that equity requires targeting available aid to low-income students, lower-middle-income students, non-traditional students, and particularly vulnerable students who face the greatest financial burdens in covering college costs and who often have the greatest difficulty in navigating the complex system surrounding college costs and financial aid.

While our conversations with experts were focused on state financial aid,

it is important to note that many experts underscored that structural changes to state financial aid are a necessary but not sufficient solution to college affordability and associated challenges in college enrollment and completion. How well California's state aid serves students is affected by federal aid policy as well as institutional choices about how to spend their own aid resources. A better structured state aid program cannot fix barriers to timely completion such as when students face lengthy developmental coursework requirements, or cannot enroll in needed coursework. And the complexity of the financial aid system and the confusion it creates for students and families attempting to make informed decisions about whether, where, and how to enroll are problems regardless of how much aid is available.

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<sup>1</sup> For a full list of interview questions, see Appendix: Interview Questions.

# LIST OF INTERVIEWEES

**Dr. Lande Ajose**  
*Chair, California Student Aid Commission*

**Julie Bruno**  
*President, Academic Senate for California Community Colleges*

**Chris Carter**  
*Director, Student Financial Support, University of California Office of the President*

**Dr. Scott Cline**  
*Vice President of Enrollment Management, California College of the Arts*

**Courtney Cooper**  
*President, Student Senate for California Community Colleges*

**Youlonda Copeland-Morgan**  
*Vice Provost for Enrollment Management, University of California Los Angeles*

**Lupita Cortez Alcalá**  
*Executive Director, California Student Aid Commission*

**Judith Gutierrez**  
*President, University of California Student Association*

**Mónica Henestroza**  
*Higher Education Advisor, Office of California Assembly Speaker Anthony Rendon*

**Dr. Hans Johnson**  
*Director and Senior Fellow, Public Policy Institute of California Higher Education Center*

**Anita Kermes**  
*Director of Financial Aid and Scholarships, California State University Sacramento & President, California Association of Student Financial Aid Administrators*

**Dean Kulju**  
*Director, Student Financial Aid Services and Programs, The California State University Chancellor's Office*

**Sylvia Lopez**  
*Student, Mount Saint Mary's University*

**Laura Metune**  
*Vice Chancellor for Governmental Relations, California Community Colleges Chancellor's Office*

**Colleen Moore**  
*Assistant Director, Education Insights Center*

**Dr. Christopher Nellum**  
*Senior Director of Higher Education Research and Policy, The Education Trust—West*

**Christian Osmeña**  
*Former Principal Program Budget Analyst, California Department of Finance*

**Dr. Rob Parisi**  
*Dean of Student Services, Allan Hancock College*

**Kimberly Rodriguez**  
*Education Consultant, California State Senate*

**Jessie Ryan**  
*Executive Vice President, The Campaign for College Opportunity*

**Maggie White**  
*President, Cal State Student Association*

**Jeannette Zanipatin**  
*Legislative Staff Attorney, Mexican American Legal Defense and Educational Fund*

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*Disclaimer: The views expressed in this report are solely those of the individuals involved, and do not necessarily represent the opinion or official position of the agency, institution, employer, or company with which they are affiliated. Experts' quotes have been lightly edited for clarity and length.*

# SUCCESSSES & FAILURES OF THE EXISTING FINANCIAL AID SYSTEM



While California boasts one of the most robust need-based financial aid programs in the country, the average debt of California graduates is on the rise, and most students who graduate with debt from public universities in California have family incomes below median household income for the state.<sup>2</sup> Existing state financial aid programs focus predominantly on tuition costs, largely ignoring the significant role that non-tuition costs—which include housing, textbooks, supplies, food, and transportation costs, among others—have on overall college affordability.

These tuition-focused policies mirror public misperceptions that tuition sticker price is the primary factor in assessing college affordability. On the contrary, the experts interviewed emphasized that it is students' non-tuition cost challenges that often aren't sufficiently addressed within the existing financial aid

system. For example, the California Student Aid Commission estimates that students incur over \$19,000 in non-tuition college costs per year for students living independently off campus (which the majority do),<sup>3</sup> but students who receive Cal Grants for non-tuition costs receive awards of less than \$1,700 per year. Many experts noted that the current formulas that are used to determine which students receive aid and how much they receive are outdated or inaccurate and ultimately result in estimations for family contributions of college costs that are untenable for many students and families.

Experts rated how well the existing financial aid system (including federal, state, and campus-based aid in California) addresses different college costs to help explain which categories of college costs are most challenging for students.<sup>4</sup>

“ There is a public perception that college is costly beyond a family's ability to pay and student needs. In reality, in California, tuition fees are among the lowest in the country, and focusing on free college alone does not do away with the real costs of college and what truly prohibits students from being able to progress and graduate in a reasonable timeframe.”

— JESSIE RYAN  
Executive Vice President,  
The Campaign for College  
Opportunity

“ Housing, transportation, food – those items are expensive if you live and work full time in California, irrespective of your profession. But those costs are especially steep for students with limited earning power and resources.”

— DR. LANDE AJOSE  
Chair, California Student  
Aid Commission

<sup>2</sup> The Institute for College Access & Success. (2017). *Student Debt and the Class of 2016*. [https://ticas.org/sites/default/files/pub\\_files/classof2016.pdf](https://ticas.org/sites/default/files/pub_files/classof2016.pdf); The Institute for College Access & Success and the Cal State Student Association. (2017). *Where Debt Comes Due at CSU: Unequal Debt Burdens among California State University Graduates*. [https://ticas.org/sites/default/files/pub\\_files/where\\_debt\\_comes\\_due\\_at\\_csu.pdf](https://ticas.org/sites/default/files/pub_files/where_debt_comes_due_at_csu.pdf).

<sup>3</sup> California Student Aid Commission. *2017-18 Student Expense Budgets*. [http://www.csac.ca.gov/pubs/forms/grnt\\_frm/studentexpensebudget.pdf](http://www.csac.ca.gov/pubs/forms/grnt_frm/studentexpensebudget.pdf).

<sup>4</sup> For a full list of interview questions, see Appendix: Interview Questions.

**FIGURE 1.**

**Extent to which Existing California Financial Aid System Addresses College Costs, by Category**



There was consensus among experts that the existing aid programs in California do a relatively good job providing aid for tuition and fees, but do not sufficiently support students' non-tuition costs. Notably, many experts emphasized housing as one of the most critical college costs that is not well-addressed by existing California financial aid systems, frequently pointing to recent research documenting substantial housing and food insecurity among college students in California.<sup>5</sup>

The experts agreed that, relative to other states, California covers tuition and mandatory enrollment fees for

many students. The state's Cal Grant program guarantees qualifying recent high school graduates a grant, the size of which varies depending on the institution they ultimately attend but which fully covers tuition charges at public universities. The California community colleges (CCCs) have the lowest tuition of all public two-year colleges nationwide,<sup>6</sup> and low- and middle-income community college students in California can have their tuition waived through the California College Promise Grant.

“Students can't pursue their education and can't sit in class if they have nowhere to live or sleep. Until they are stable, other things won't fall into place.”

— JUDITH GUTIERREZ  
President, University of California Student Association

“As a whole across segments we're pretty good at funding mandatory fees. Relative to other states we're great.”

— DR. SCOTT CLINE  
Vice President of Enrollment Management, California College of the Arts

“We're very fortunate in the state of California because of the commitment we've seen by the legislature to the Cal Grant and Middle Class Scholarship program. A lot of people talk about “free college,” but you could say that California has had free college since the 50's because of tuition waivers.”

— ANITA KERMES  
Director of Financial Aid and Scholarships, California State University Sacramento & President, California Association of Student Financial Aid Administrators

<sup>5</sup> Wisconsin HOPE Lab. (2017). *Los Angeles Community College District: District Report from Fall 2016 Survey of Student Basic Needs*. <http://wihopelab.com/publications/Wisconsin-HOPE-Lab-LA-CC-District-Report-Survey-Student-Needs.pdf>; Crutchfield, R., Clark, K., Gamez, S., Green, A., Munson, D., & Stribling, H. (2016). *Serving Displaced and Food Insecure Students in the CSU*. California State University, Long Beach. <https://presspage-production-content.s3.amazonaws.com/uploads/1487/cohomelessstudy.pdf?10000>.

<sup>6</sup> The College Board. (2017). *Trends in College Pricing 2017*. [https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing\\_1.pdf](https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_1.pdf).



In spite of these examples, many experts noted that certain groups of students did not have equal access to aid for tuition and fees at universities. Specifically, non-traditional students—including older students who do not attend college immediately following high school—are ineligible for Cal Grant entitlement awards, limiting their ability to access financial aid to cover tuition expenses at universities. Additionally, a few experts noted that some middle-income students also face challenges with tuition costs when their income level falls just over the income threshold for Cal Grant eligibility, a strict cutoff which disqualifies them from receiving any Cal Grant funds.

Textbooks and educational supplies are both expensive and integral to student success, but neither of these crucial educational elements were considered by experts to be as well-covered by financial aid as tuition and fees. Interviewees described these as “unexpected costs” for students. However, some experts mentioned resources outside of traditional

financial aid that help students address these costs, such as allowing financially-needy students to borrow textbooks or laptops at no cost, though not every college has these types of programs nor do all needy students qualify. Other experts with institutional affiliations mentioned that their institution is working with faculty to reduce reliance on expensive textbooks where less expensive options, including online and other open-access materials, of equal quality exist.

Food was another cost that experts reported as being insufficiently supported by existing financial aid sources. Surprisingly high levels of food insecurity have recently been documented among college students, receiving widespread national attention and raising concern among both institutions and policy analysts.<sup>7</sup> Our experts reported that food insecurity was prevalent across the state, particularly prominent among community college students and low-income students. Some experts reported that institutions are making efforts to help relieve issues of food

“ So often food pantries are being cleared out and students are still hungry. A huge majority of low-income students should be getting full coverage in their financial aid package, and if that’s the case, then those students are not getting enough. ”

— **MAGGIE WHITE**  
President, Cal State Student Association

“ We do food banks and food shares here and I’m surprised at how many students come in and use it because they can’t meet all the food costs. ”

— **DR. ROB PARISI**  
Dean of Student Services,  
Allan Hancock College

“ We think about financial aid being the great equalizer, but that’s not the case. ”

— **YOULONDA COPELAND-MORGAN**  
Vice Provost for Enrollment Management, University of California Los Angeles

<sup>7</sup> Crutchfield, R., Clark, K., Gamez, S., Green, A., Munson, D., & Stribling, H. (2016). *Serving Displaced and Food Insecure Students in the CSU*. California State University, Long Beach. <https://presspage-production-content.s3.amazonaws.com/uploads/1487/cohomelessstudy.pdf?10000>; Martinez, S.M., Maynard, K., & Ritchie, L.D. (2016). *Student Food Access and Security Study*. University of California Global Food Initiative. <http://regents.universityofcalifornia.edu/regmeet/july16/e1attach.pdf>.

insecurity on campuses by creating food pantries or food banks where needy students can access food to eat, and that students who live on residential campuses are awarded dining hall passes as part of their aid package. However, there was consensus among experts that the current food resources available for students are not meeting the level of need and therefore many students continue to go hungry.

Transportation costs were another category that most experts noted as a challenge for students, and a cost not sufficiently covered by financial aid. A few experts noted that some colleges have worked with local transit agencies to offer free or reduced public transit fares as well as other transportation services outside of the existing financial aid system. However, many pointed to inaccurate assumptions about students' transportation needs. For example, colleges' estimates of students' transportation costs typically assume that students live nearby, and do not account for travel to a student's place of employment (for students needing to work) or between campuses (for students who have to attend more than one college in order to get the courses they need). Colleges may also assume that transportation costs for students living on campus are minimal.

Housing costs were consistently mentioned both as the most challenging for students and the most concerning for experts. Many experts listed the cost of living, especially in certain areas like Los Angeles and the San Francisco Bay

Area, as a huge financial hurdle for students. While some types of financial aid can be used for housing, the award amounts are insufficient and the aid is often only available for students attending a University of California (UC) or California State University (CSU) campus. This leaves CCC students—the majority of whom live independently off-campus,<sup>8</sup> despite the common misperception that they live at home with their parents—without sufficient financial support for housing, if any. Even for those students who do receive some housing aid, many experts opined that the current measures used to estimate housing costs are outdated and grossly underestimate actual living costs. This results in students being forced to decide between living in inadequate housing situations, taking out additional loans to cover housing costs, or dropping out of school entirely.

Experts ranked “other” expenses as the cost category that is least well-addressed within the existing financial aid system. The “other” category in student budgets typically refers to personal and miscellaneous items such as toiletries, clothing, laundry, and other necessary and recurring living costs not otherwise included in other budget categories. Several experts noted that one of the largest of these costs, health insurance, is not explicitly covered by financial aid which creates another cause for concern.

“ One of the challenges, particularly for community college students, is the assumption that you attend your local community college. If a student grows up in Oakland, we assume they'll go to Laney College. But because it's tough to get the courses they need, they're also going to Diablo Valley College and San Francisco City College, which means they need to have a form of transportation that is flexible. So community college students in the Bay Area need a car, which comes with the expenses of insurance and gas and maintenance, and those costs are high. So then students may drop out because they don't have the \$500 they need to service their car. Students shouldn't have to make that choice. Our financial programs need to account for the real costs of college. ”

— DR. LANDE AJOSE  
Chair, California Student Aid  
Commission

“ UC and CSU students can get some support for housing, but community college students often don't because people assume that those students live at home with their parents. ”

— COLLEEN MOORE  
Assistant Director, Education  
Insights Center

<sup>8</sup> Calculation by The Institute for College Access & Success 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. [https://www.urban.org/sites/default/files/publication/87911/five\\_facts\\_about\\_living\\_costs.pdf](https://www.urban.org/sites/default/files/publication/87911/five_facts_about_living_costs.pdf).

# IMPACT OF AFFORDABILITY CHALLENGES

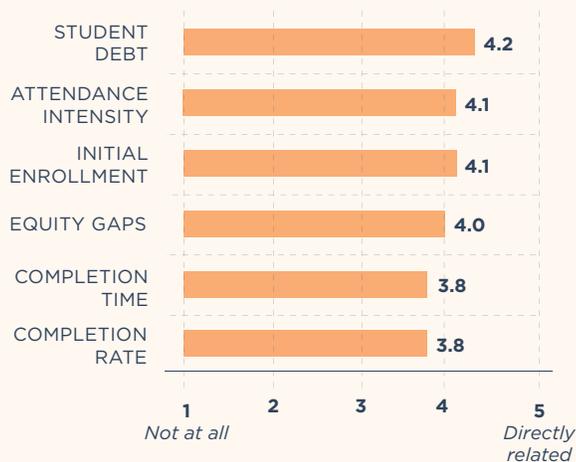
Experts universally agreed that affordability challenges negatively impacted students in several ways. Experts were asked about the extent to which key student outcomes are affected by college costs,<sup>9</sup> including students' enrollment in college, their ability to complete college, and the amount of debt they incur. Each outcome scored about a four on a scale of one to five, with five signifying direct impact. A common theme among experts in their discussion of this question was

their emphasis on the complexity of the entire educational and financial aid systems and the importance of understanding how all the various components intersect for individual students. For example, there is a tradeoff between enrollment intensity (whether a student attends part time or full time) and completion time, as students who take fewer courses per term will need more terms to complete required coursework.

“Everyone is looking for someone to blame—colleges aren't doing enough, students aren't going full time. I get frustrated that we don't look at what the student needs to be able to get to where they're going. If we sat down with every student and were able to figure that out, it might be different.”

— JULIE BRUNO  
President, Academic Senate  
for California Community  
Colleges

**FIGURE 2.**  
Extent to Which the Costs of College Relate to Key Student Outcomes



## DEFINITION OF METRICS

**Attendance Intensity** - Whether a student attends a program full time or part time

**Completion Rate** - Rates of course and program completion or transfer

**Completion Time** - The amount of time it takes for students to complete their degrees or certificates

**Initial Enrollment** - A student's initial decision of whether or not to enroll in college

**Equity Gaps** - Disproportionate college-going and completion rates among racial and ethnic groups

**Student Debt** - Total amount of loans borrowed for educational expenses

<sup>9</sup> In this report, the term "college costs" refers to total costs after taking grants and scholarships into account. This is also sometimes referred to as "net costs."



“ Financing and being able to afford college is one of the top criteria students use when determining if they will even go to college. ”

— DR. HANS JOHNSON  
Director and Senior Fellow,  
Public Policy Institute of  
California Higher Education  
Center

Within the slight variation reported, the experts interviewed identified student debt as the outcome most affected by college costs. Coupled with the findings from the previous section that financial aid fails to adequately address many non-tuition college costs, it is reasonable to assume that many students incur debt in order to fill the gap that is not met through other financial aid. In 2016, 53 percent of California college graduates from four-year public and nonprofit institutions had borrowed student loans, and they left college with an average of \$22,744 in student loan debt. Most public college graduates with debt were from low- or lower-middle income families.<sup>10</sup>

Experts also believe that college costs exacerbate racial and ethnic gaps in the rates of college enrollment and success.<sup>12</sup> For example, Black

and Latino 9th graders are far less likely than white students to enroll in college within four years of graduating high school.<sup>13</sup> Further, among enrolled college students, graduation rates are lower for Latino, Black, and other underserved students of color across the UC, CSU, and CCC systems.<sup>14</sup> Many experts mentioned anecdotal evidence that says Latino students are more loan averse than non-Latino students,<sup>15</sup> which can make college costs that are not covered by financial aid even more significant. There was consensus among experts that in addition to being more heavily impacted by college costs, students of color are more likely to lack an understanding of complicated financial aid systems, making it difficult for them to advocate on their own behalf, both of which can impact their college attendance and subsequent completion rates.

“ A lot of students take out loans to be able to afford college because they don’t get enough money from FAFSA.<sup>11</sup> With tuition increasing yearly, the percent of student debt is also increasing. ”

— SYLVIA LOPEZ  
Student, Mount Saint Mary’s  
University

“ When I think about net cost and what it means for different racial or ethnic groups and the societal dynamics those groups face—a lot are already poor, already behind. Any additional cost that is not covered exacerbates the gaps that already exist. ”

— DR. CHRISTOPHER NELLUM  
Senior Director of Higher  
Education Research and Policy,  
The Education Trust—West

<sup>10</sup> The Institute for College Access & Success. (2017). *Student Debt and the Class of 2016*. [https://ticas.org/sites/default/files/pub\\_files/classof2016.pdf](https://ticas.org/sites/default/files/pub_files/classof2016.pdf); The Institute for College Access & Success and the Cal State Student Association. (2017). *Where Debt Comes Due at CSU: Unequal Debt Burdens Among California State University Graduates*. [https://ticas.org/sites/default/files/pub\\_files/where\\_debt\\_comes\\_due\\_at\\_csu.pdf](https://ticas.org/sites/default/files/pub_files/where_debt_comes_due_at_csu.pdf).

<sup>11</sup> FAFSA stands for Free Application for Federal Student Aid.

<sup>12</sup> Moore, C., Offenstien, J., & Shullock, N. (2011). *Consequences of Neglect: Performance Trends in California Higher Education*. Institute for Higher Education Leadership & Policy. <http://edinsightscenter.org/Portals/0/ReportPDFs/consequences-of-neglect.pdf?ver=2016-01-15-155403-317>.

<sup>13</sup> Ibid.

<sup>14</sup> The Education Trust-West. (2017). *The Majority Report: Supporting the Educational Success of Latino Students in California*. <https://west.edtrust.org/resource/the-majority-report/>.

<sup>15</sup> Cunningham, A. F., & Santiago, D. A. (2008). *Student Aversion to Borrowing: Who Borrows and Who Doesn’t*. Institute for Higher Education Policy and Excelencia in Education. <https://files.eric.ed.gov/fulltext/ED503684.pdf>.

Another outcome that experts noted as being affected by both college costs and a lack of students' understanding is attendance intensity, or a student's decision to attend college full time versus part time. Several experts mentioned the role that financial aid plays in attendance intensity decisions, as several financial aid programs are available only for full-time students. Non-traditional students who may have significant responsibilities outside of school and work—such as caring for their children or sick family members which makes attending full time untenable—are at a disadvantage in terms of the types of financial aid for which they can qualify. Several experts also mentioned that attendance intensity decisions are often made without complete information, with many part-time students failing to consider the longer-term opportunity costs of taking longer to complete their program by attending part time rather than full time, ultimately resulting in higher total college cost.

Completion time, or the number of semesters or years it takes a student to complete his or her program or degree, is closely related to attendance intensity decisions. While a part-time course load allows students to work or attend to other responsibilities while enrolled in school, it also extends the length of time it takes to earn their degree. This also then increases the total non-tuition costs associated with earning their degree, most of which are fixed and do not vary by attendance intensity. Many experts mentioned the heavy opportunity

cost associated with taking longer to complete school. Students who are in school for six years instead of four must pay for two additional years of college costs, but they also miss out on two years of post-college income, which is typically more reliable and at a higher wage due to the college degree they have earned.<sup>16</sup>

Experts reported that some students' decisions of whether or not to enroll in college are impacted by a lack of a thorough understanding of college "sticker price," net costs (total costs after grant and scholarship aid), and financial aid. Many students receive grants or financial aid from disparate sources, making it difficult for them to have a holistic view of their college costs and estimated loan balances and monthly repayment amounts. "Sticker price" shock can deter some students who are on the fence about college from enrolling with the assumption that they can't afford it, when in actuality, attending college is possible and affordable after considering the entire financial aid package and federal student loans. Other students who are committed to pursuing college may initially assume they will qualify for more financial aid than they ultimately do. When those financial resources fail to appear, students—due to a lack of knowledge about their student loan options—may incur imprudent private loans before exhausting safer and often cheaper federal loans.

Of the metrics included, experts ranked students' completion rate—or the percent of students who complete

“ Being a Latina, there is a big taboo to taking out a loan. It took me a while to realize that everyone takes out loans! I didn't do as well in school because I was so busy working and trying to make ends meet. This often happens to students in Latino, African American, Asian, or rural communities and they either don't enroll, don't stay, or it takes six to eight years for students to graduate. ”

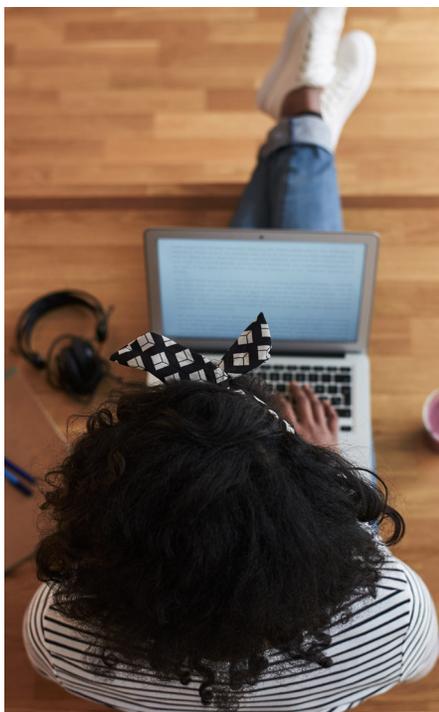
— LUPITA CORTEZ ALCALÁ  
Executive Director, California Student Aid Commission

“ There are far too many students attending part time because they feel like they can't afford full time. It's tough for them to pull back and see the big picture and how long it's going to take them to complete if they are part time. I don't think students are looking at the cost long term of attending college part time— affordability is not just monthly, out-of-pocket expenses, especially for our most vulnerable students. ”

— DR. LANDE AJOSE  
Chair, California Student Aid Commission

<sup>16</sup> Johnson, H., Mejia, M. C., Ezekiel, D., & Zeiger, B. (2013). *Student Debt and the Value of a College Degree*. Public Policy Institute of California, all rights reserved. [http://www.ppic.org/content/pubs/report/R\\_613HJR.pdf](http://www.ppic.org/content/pubs/report/R_613HJR.pdf).

their program or transfer—as the least impacted by college costs. Many experts reasoned that factors related to life circumstances or academic difficulties are more likely to affect completion rates than college cost. Even so, overall, experts ranked completion rate as a 3.8 on a scale of one (not at all affected by college cost) to five (directly affected by college cost), indicating that there is still a relationship between college cost and completion. Some experts noted that part-time students often work full time, which can make class scheduling and accessing academic support resources a challenge. Additionally, given that non-completers often incur student loan debt without achieving the degree that would open doors to higher paying jobs (which in turn could help them to repay their loans) the impact of college costs on completion can have particularly devastating financial consequences for students.



“ One of the ways to make college more affordable is to finish sooner. Another term of attendance can carry substantial cost, not to mention opportunity cost. ”

— CHRIS CARTER  
Director, Student Financial Support, University of California Office of the President

“ Student success initiatives are holding institutions accountable and federal changes have tightened up the number of years that a student can get aid are good from a taxpayer perspective, but harmful to the students. Every year the colleges have to fight the legislature for supplemental funding—and what does that mean for the college to be able to provide the classes that students need to finish on time? ”

— ANITA KERMES  
Director of Financial Aid and Scholarships, California State University Sacramento & President, California Association of Student Financial Aid Administrators

“ For students who want to pursue college, knowing they’re going to accumulate debt, often the make or break point is whether they receive the aid they need. ”

— JUDITH GUTIERREZ  
President, University of California Student Association

“ At community colleges, it can be really difficult to complete gateway classes like basic English, remedial math, etc. Finding time to go to lab or tutoring may not be possible when students are working. The financial burden plus the mental health strain really impacts a student’s ability to complete. ”

— COURTNEY COOPER  
President, Student Senate for California Community Colleges



## STUDENTS MOST IMPACTED BY COLLEGE COSTS

When asked for whom college costs were most challenging, experts identified several types of students, including: low-income and lower-middle-income students, first-generation students, minority students, and vulnerable or non-traditional students. While there was acknowledgement that this list may not be comprehensive, experts contend that students from these groups tend to face particular challenges in terms of college affordability.

The majority of experts interviewed named low-income students as the population for whom college costs are most challenging. As cited by several people, college costs make up a larger share of a lower-income student's total personal or family income than that of a higher-income student. Experts' definitions of "low income" varied, with some pointing to students' eligibility for federal

Pell Grants (the vast majority of Pell Grant recipients have family incomes below \$40,000)<sup>17</sup> while others pointed to families with incomes below the federal poverty threshold (\$24,600 for a family of four in 2017).<sup>18</sup> Several noted that many income-classification measures fail to accurately account for the high cost of living in California, which means the expected family contribution based on family income may overestimate what those students and their families may reasonably be expected to contribute to paying for college. Further, several experts raised the issue that many low-income and lower-middle-income students come from underrepresented racial and ethnic groups who struggle with being historically underserved by traditional higher education programs and institutions. Data show that among undergraduates, the majority of Latino, Black, and Native American students have family incomes under \$30,000.<sup>19</sup>

“ For the lowest income students, even those who receive the max amount of grant aid available, there's still a huge unmet need for those that want to attend college. ”

— LAURA METUNE  
Vice Chancellor  
for Governmental Relations,  
California Community  
Colleges Chancellor's Office

“ For low-income students it's a math issue. You can spend a really high percentage of your income on college and still not be able to cover what's expected of you. We have a lot of policies where we look at things *equally* but not *equitably*. ”

— MÓNICA HENESTROZA  
Higher Education Advisor,  
Office of California Assembly  
Speaker Anthony Rendon

<sup>17</sup> The Institute for College Access & Success. (2017). *Pell Grants Help Keep College Affordable for Millions of Americans*.  
[https://ticas.org/sites/default/files/pub\\_files/overall\\_pell\\_one-pager.pdf](https://ticas.org/sites/default/files/pub_files/overall_pell_one-pager.pdf).

<sup>18</sup> U.S. Department of Health and Human Services. *Poverty Guidelines*.  
<https://aspe.hhs.gov/poverty-guidelines>.

<sup>19</sup> The Institute for College Access & Success. (2017). *College Costs in Context: A State-by-State Look at College (Un) Affordability*.  
[https://ticas.org/sites/default/files/pub\\_files/college\\_costs\\_in\\_context.pdf](https://ticas.org/sites/default/files/pub_files/college_costs_in_context.pdf).

Several experts also mentioned middle-income families as struggling with college affordability. Given the structure of current financial aid systems with strict income cut-offs, many middle-income families – a population roughly defined by experts as having family income up to \$100,000 – can face challenges with tuition costs when their income level falls just over income thresholds. The result is a “cliff effect,” where a small increase in income results in a large decrease in financial aid eligibility. These middle-income families are better financially positioned than low-income families but they also don’t always have the financial resources on hand to cover college costs out of pocket.

Many experts also identified first-generation students as a group who face particular challenges around college affordability, largely due to their lack of experience navigating the complicated and bureaucratic financial aid system. In addition, several experts pointed out that there is substantial overlap between low-income and first-generation student populations, and the challenges they face. In addition to the affordability challenges that these students may face by being low income, they are also unable to benefit from a parent or guardian’s prior experience navigating the financial aid system.

Other groups that experts identified as especially challenged by college costs are particularly vulnerable populations, including foster youth and other groups lacking strong parental or adult support; undocumented students who may not qualify for federal aid; and non-traditional students whose needs are

not well-addressed by the existing system. These students frequently struggle with life challenges that do not affect most other students including higher rates of poverty, mental health challenges and responsibilities above and beyond those of the traditional college student. Many of these populations also classify as low-income or first-generation, compounding the college affordability challenges they face.

“ Students of color tend to be lower income, their parents don’t necessarily have a college-going culture, and they come from schools where the rigor is not the same as if they were in higher-income areas. This makes it harder for them to afford college or see the value of investing in college. ”

— **KIMBERLY RODRIGUEZ**  
Education Consultant,  
California State Senate

“ For middle-income families, it’s more about financial resources and planning whereas for low-income families it’s about managing the financial aid process. ”

— **DEAN KULJU**  
Director, Student Financial  
Aid Services and Programs,  
The California State  
University Chancellor’s Office

“ Especially vulnerable are immigrant families, foster youth, single-parent families, caretaker families where you’re also taking care of a parent and your own kids. These populations face greater burdens because school is not the only thing they’re worried about. They also face income insecurity, underemployment, intergenerational poverty, prejudiced policies, and housing and food insecurity. ”

— **COURTNEY COOPER**  
President, Student Senate  
for California Community  
Colleges

## EXISTING POLICY AND POLITICAL CONSTRAINTS

Experts were asked to comment on the most significant challenges to California college affordability in the existing policy landscape, and why those challenges existed. The most common challenges raised by experts were the lack of financial aid for non-tuition costs, policies and formulas based on outdated assumptions or perceptions, and competing budget priorities.

In alignment with the overall findings about college affordability, several experts noted that policymakers do not fully appreciate the importance of making resources available for students' non-tuition college costs, and the need to change existing state policy to better accommodate this need. Experts contended that many well-intentioned policies operate under the assumption that college affordability is defined solely by the cost of tuition, and that making college affordable entails reducing tuition. For that reason, many currently available grants and financial aid programs are narrowly limited to cover tuition costs, while comparatively little state grant aid is available for the steep non-tuition costs—such as housing, food, and transportation—that are equally integral to student success.

Some experts reason that current policies are based on outdated assumptions and perceptions of both college students and college costs that no longer hold merit. For example, existing rhetoric surrounding

community colleges continues to reason that CCCs are cheap and that CCC students are young adults who live at home with their parents. While it's true that CCC *tuition* is inexpensive, non-tuition costs are not. The majority of community college students live independently<sup>20</sup> and therefore must cover the same non-tuition costs as students at other four-year universities in the state. Further, community college students are eligible for less grant aid and therefore often end up with a higher net price than students at public universities.<sup>21</sup>

Other experts fault existing policies for using outdated formulas that don't properly estimate true costs. The cost of living in California—especially in certain regions—has outpaced wage increases, and is not accounted for in federal estimates of families' ability to pay. These factors contribute to an unrealistic estimate of what families and students can afford to pay for college.

Finally, other experts acknowledge that many policymakers are aware of the shortcomings of existing policies and formulas, but choose to focus their limited attention and resources on competing priorities. Even among legislative leaders who want to prioritize affordability, it can be hard to find the resources to make more than incremental improvements. Other state budget issues often overshadow higher education issues, leaving students and

their families stuck with inadequate policies that do not truly address their needs. Even within higher education, there are tradeoffs between providing institutions the financial support they need to operate and providing students with the financial support they need to succeed.

“ Many policymakers know that it's not affordable, but there are other priorities they are championing over this issue. ”

— JEANNETTE ZANIPATIN  
Legislative Staff Attorney,  
Mexican American Legal  
Defense and Educational Fund

“ I don't think the process we're using to understand housing costs are relevant today. We are still using the same framework we did for 30 years to determine how much housing costs and to subsidize those costs. We need to assess that differently to determine how we support students. Housing has become so complex over the decades as more of our students are now adult students, returning students, etc. ”

— YOULONDA COPELAND-MORGAN  
Vice Provost for Enrollment  
Management, University of  
California Los Angeles

<sup>20</sup> Calculation by The Institute for College Access & Success 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. [https://www.urban.org/sites/default/files/publication/87911/five\\_facts\\_about\\_living\\_costs.pdf](https://www.urban.org/sites/default/files/publication/87911/five_facts_about_living_costs.pdf).

<sup>21</sup> The Institute for College Access & Success. (2017). *What College Costs for Low-Income Californians*. [https://ticas.org/sites/default/files/pub\\_files/what\\_college\\_costs\\_for\\_low-income\\_californians.pdf](https://ticas.org/sites/default/files/pub_files/what_college_costs_for_low-income_californians.pdf).



## FACTORS DETERMINING GRANT AID

There was overwhelming consensus among experts from all sectors that student and family financial need should be the biggest factor in determining who receives financial aid and the accompanying award amounts. Several noted that California's main financial aid program's stated goal is to remove barriers to college, which are most pronounced for the lowest income students. Some experts advocated that financial need should be the only determinant for aid, arguing that including merit-based factors, age cut offs, or tying award levels to tuition and fees was problematic and unfairly disadvantaged certain needy groups. Others felt that financial need should be the most heavily weighted determinant, but that it should be supplemented by other measures such as minimum standards for grade point average (GPA) or prioritizations for public universities.

There was some disagreement among experts with regard to the extent to which a student's GPA should be factored in to determining financial aid awards. A few experts asserted that a minimum threshold for GPA, similar to those currently in place in the Cal Grant program, helps the state target limited financial aid dollars to students who will be able to be successful in college. On the other hand, many experts expressed that high school GPAs can be more reflective of a student's circumstance, their high school culture, or social class rather than their potential. GPAs are also not easily comparable given that students come from widely varied high schools with different levels of rigor. A few experts noted that using GPA as a factor for determining aid packages is not tied to a clear policy goal, and therefore may be an inadequate determinant of aid dollars.

“ I would absolutely rank need as the top determinant. The government should be providing opportunities to students who otherwise wouldn't have them. ”

— LAURA METUNE  
Vice Chancellor  
for Governmental Relations,  
California Community Colleges  
Chancellor's Office

There also was not consensus among experts regarding the extent to which college type should be factored into aid eligibility. Consistent with other findings shared in this report, several experts raised the gap in aid available for students attending community colleges as a point of concern. These experts pointed out that college type already factors in to some aid package amounts through the Cal Grant program, which covers higher amounts at colleges with higher tuition, like the UCs and nonprofit colleges. Others argued that some consideration of college type is appropriate, and that state resources should prioritize funding for students attending public colleges and universities rather than private or for-profit colleges.

There was general consensus that if a student's program of study was factored into their aid package at all, it should be minimally. Several experts argued that it is in the state's best interest to incentivize students toward programs that meet a workforce need in the state, while one interviewee reasoned that award amounts should consider the higher amounts that students must spend on supplies that are required for certain majors. Another expert felt that including program of study as a consideration would be a way of punishing or rewarding students for their interests, which may not be appropriate for undergraduate degrees.

Similarly, many experts indicated that including criteria for student age in financial aid decisions unfairly disadvantages older students who they feel are equally deserving of aid, pointing out that a slightly older student switching careers should have the same opportunity to benefit from college as a student attending college right out of high school.

“ If the problem statement is removing barriers to college, then focusing on the financially neediest students makes sense in terms of allocating dollars. And that's the state's stated reason for providing financial aid. ”

— CHRISTIAN OSMEÑA  
Former Principal Program  
Budget Analyst, California  
Department of Finance

“ Grades are often a reproduction of social class. If we think about higher education as helping to change social structure or social mobility, needy young adults should be supported in doing that. ”

— DR. CHRISTOPHER NELLUM  
Senior Director of Higher  
Education Research and Policy,  
The Education Trust—West

“ Need should be the highest priority—it should trump everything else. The idea is that those who can least afford it should be provided enough help and be able to choose to go to a UC or a community college—whatever the case may be. It shouldn't be limiting their options. ”

— DEAN KULJU  
Director, Student Financial  
Aid Services and Programs,  
The California State  
University Chancellor's Office

“ One could argue for fund rationing through issues of age, but I don't believe that is necessary and it doesn't help us to achieve our overall goals. Discriminating against a population doesn't help us in any way. ”

— YOULONDA COPELAND-MORGAN  
Vice Provost for Enrollment  
Management, University of  
California Los Angeles



# OPPORTUNITIES TO IMPROVE STATE GRANT AID

If more state financial aid dollars were made available, the majority of experts interviewed would prioritize additional funds for low-income students and those needy students currently struggling the most to meet college costs within the existing aid system. Specifically, experts mentioned prioritizing funds for students to use to cover costly non-tuition expenses, especially at community colleges where students have access to fewer aid resources than students at four-year schools.

In addition to a focus on aiding students in covering non-tuition expenses, experts also emphasized a need for more financial aid that is targeted at non-traditional and particularly vulnerable student populations who are ill-served by the current system. Some experts advocated funding for low-income populations who face the greatest financial burden to attend college and are most likely to take out student loans. In addition to low-income students, some experts emphasized lower-middle-income

students whose aid packages are often not commensurate with their ability to pay for college. Other experts highlighted a need to increase available funds for particularly vulnerable students such as first-generation students, undocumented students, and foster youth. Others urged extending funds to non-traditional older students who may not have had a clear pathway to college directly out of high school. In the current system, these students who decide to go to college at an older age are disadvantaged in that they do not qualify for Cal Grant entitlement awards and must instead compete within a pool where the number of applicants vastly exceeds the number of available awards.<sup>22</sup>

Experts recognize that addressing issues of college affordability is a complex task, and that while additional funds are needed, more money alone is not sufficient to address California's college affordability issues. Aside from increasing funds, several experts contended that California cannot

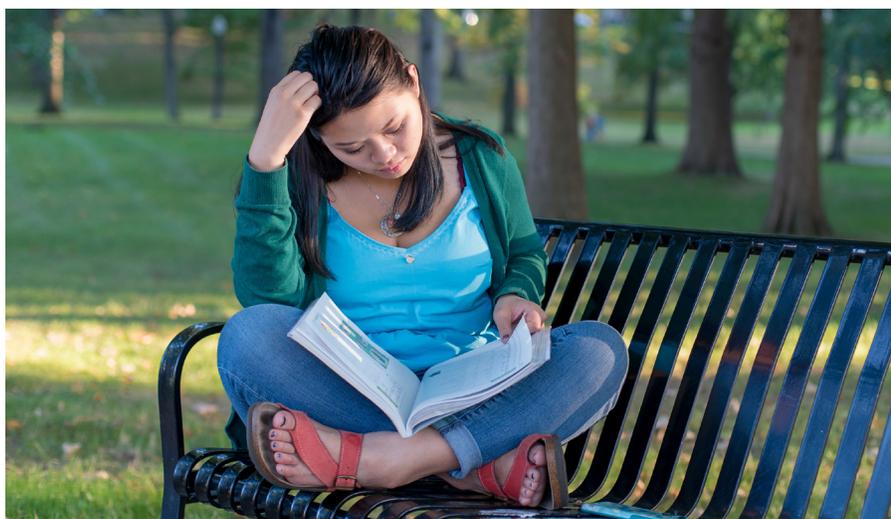
continue working within the existing system of aid that is failing to serve many low-income and vulnerable students. Rather, California needs to rebut common misperceptions about which students struggle the most and what types of college costs are most challenging for students, and develop solutions that better meet students' needs.

“ An inability to cover costs beyond tuition and fees can be just as much a barrier as an inability to cover tuition. I think if we had the opportunity to make additional investments, it's important to think about how to cover those other costs which are just as important and real as tuition and fees. ”

— CHRIS CARTER  
Director, Student Financial Support, University of California Office of the President

“ Community Colleges get such as small cut [of state financial aid] and carry a greater burden of external costs. It's like the poor tax—it's very expensive to go to community college because of those non-tuition costs. ”

— COURTNEY COOPER  
President, Student Senate for California Community Colleges



<sup>22</sup> The Institute for College Access & Success. (2016). *How and Why to Improve Cal Grants: Key Facts and Recommendations*. [https://ticas.org/sites/default/files/pub\\_files/how\\_and\\_why\\_to\\_improve\\_cal\\_grants.pdf](https://ticas.org/sites/default/files/pub_files/how_and_why_to_improve_cal_grants.pdf).



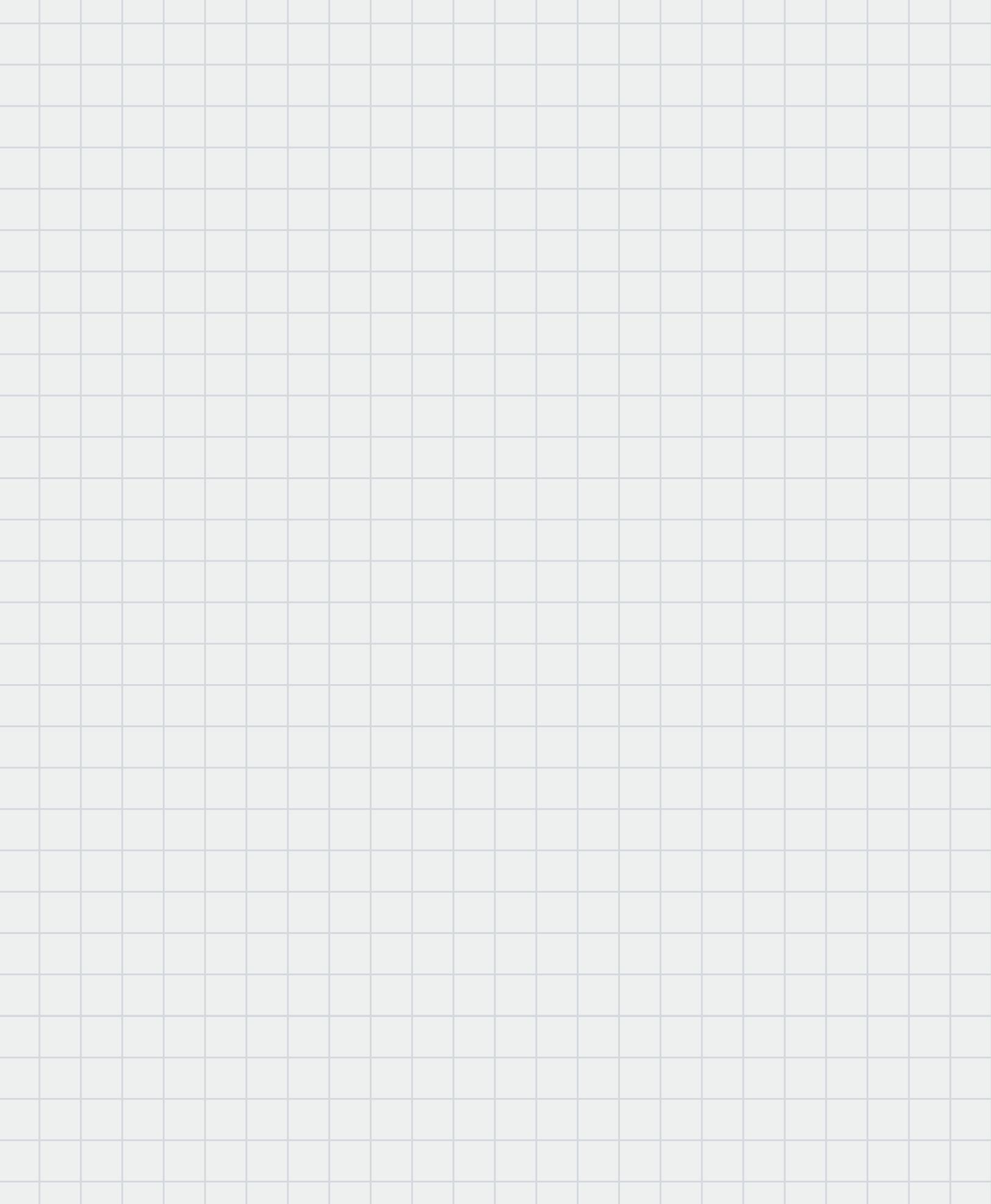
## CONCLUSION

The extent of consensus around California's college affordability problem and its implications call for substantial policy change. The state's Cal Grant program is primarily focused on helping recent high school graduates cover tuition costs, reflecting assumptions about who college students are and their cost challenges from the time the program was created. Today, these assumptions feel outdated, and every expert we interviewed believed that improving college affordability required supporting students' non-tuition college costs, including for non-traditional students, to a greater extent.

Incremental yet important improvements to California's state financial aid have been made in recent years, thanks to legislative leadership and support, but the scale and reach of the program demand that we consider larger, more systemic reform. Moving California forward requires taking a comprehensive look at the failures of the existing aid systems, and making smart investments aimed at bringing college within reach for all students, so that the promise of a college education can be realized more broadly and more equitably.

## APPENDIX: INTERVIEW QUESTIONS

- (1) Does California have a college affordability problem?
- (2) What makes you think/say that?
- (3) On a scale of 1-5 (with 1 being “not at all” or “badly” and 5 being “fully covers”), how well does the existing financial aid system (including federal, state and campus-based aid) address each of the following college costs?
  - a. Tuition and/or mandatory enrollment fees
  - b. Textbooks and other instructional costs like lab fees, materials and supplies
  - c. Housing
  - d. Transportation
  - e. Food
  - f. Other personal costs
- (4) On a scale of 1-5 (with 1 being “not at all” and 5 being “directly related”), how much do you think the cost of college impacts the following? For this and the next question, college costs refer to total college costs after taking grants and scholarships into account.
  - a. Initial enrollment in college
  - b. Attendance intensity (whether a student attends a program full time or part time)
  - c. Rates of course and program completion (or transfer)
  - d. Time to complete their degree or certificate
  - e. Level of student debt
  - f. Racial/ethnic gaps in college-going and completion
- (5) For whom are college costs most challenging?
  - a. How do you define this population of students?
  - b. Why do you think this is the case?
- (6) To what extent do state policymakers understand the problems in the same way and why or why not?
- (7) Several factors currently determine whether a student receives state grant aid and the dollar figure of that award. Which of the following factors do you think should be the primary determinant of who receives state grant aid and the amount of that grant?
  - i. GPA (high school or CCC if transferring to a four-year school)
  - ii. Program of study
  - iii. College type (i.e., public four-year; nonprofit four-year; public two-year; private for-profit)
  - iv. Student/family income/need
  - v. Student age
- (8) If additional state financial aid dollars were made available what would be your first priority for its use?
- (9) Do you have any additional thoughts you’d like to share that may not have otherwise come up in our discussion?



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