



# WHERE DEBT COMES DUE AT CSU



## UNEQUAL DEBT BURDENS AMONG CALIFORNIA STATE UNIVERSITY GRADUATES

*December 2017*

# Introduction

---

The cost of a college degree is an enormous challenge for many students. Not only has tuition increased across the country in response to state disinvestment in higher education, but the additional costs associated with attending college (including books and supplies, transportation, and living expenses that can exceed \$19,000 annually)<sup>i</sup> present substantial – and sometimes insurmountable – financial barriers. In fact, not only are students struggling to come up with the resources to cover all of their college costs, but many recent studies have documented widespread food and housing insecurity among students.<sup>ii</sup>

For a public university system where tuition is among the lowest in the country, and where nearly two out of every three students do not pay tuition at all,<sup>iv</sup> many assume that a CSU degree is affordable. Yet, financially needy students continue to face very real challenges affording all of the costs necessary to earn a college degree. This is reflected in debt burdens that fall more heavily on underrepresented students, and excessive work hours needed to cover low-income students' net costs (what they must pay out of pocket after all grant aid).

**The California State University (CSU) serves over 475,000 students across 23 campuses, making it the largest public four-year university system in the country, with students of color and low-income students composing the majority of undergraduate enrollment.<sup>iii</sup>**

Among CSU bachelor's degree recipients in 2015-16 who borrowed, nearly eight out of every ten had annual family incomes no greater than \$54,000, and almost two-thirds had annual family incomes less than \$27,000 [see Figure 3]. This inequitable burden of college costs on the lowest income students also disproportionately affects underrepresented minority students. Among undergraduates nationally, more than half of Latino students (52%), about three in five Native American students (59%), and almost two-thirds of African-American students (64%) have family incomes under \$30,000.<sup>v</sup> At the CSUs, underrepresented graduates of color are disproportionately more likely to have debt than their White peers [see Figure 2].

Thanks to the state Cal Grant program and the CSU's own grant program, low-income CSU students typically receive enough financial aid to cover tuition charges. Yet there is not enough aid available to CSU students to help cover non-tuition costs, and it is likely these costs that lead low-income students to borrow student loans. While many students work to earn money to help pay for college, either in addition to or instead of borrowing, low-income students' net costs are such that earning money to cover them would require working an untenable number of hours per week, jeopardizing their academic success. Importantly, recently available data show that lower income Pell Grant recipients graduate from CSU campuses at lower rates than their higher income peers [see Table 2]. These are signals that the state must do more to support its under-resourced students.

This brief, jointly written by the Cal State Student Association (CSSA) and The Institute for College Access & Success (TICAS), explores college affordability challenges faced by financially needy students throughout the CSU system, and highlights how the burden of debt is borne inequitably across different demographic groups.

# The Cost of a CSU Degree Is More than Just Tuition

The total cost to attend the CSU stretches far beyond statewide tuition, which is currently \$5,742 and composes only about 23 percent of full-time students' total college costs.<sup>vi</sup> Basic needs such as food and housing, as well as campus-based fees, textbooks and supplies, transportation, and other personal expenses, all play a role in facilitating success by enabling students to focus on their studies and efficiently complete a degree. These costs are high for all students, but are sometimes especially high for students who live independently off campus, which the majority of CSU students do.<sup>vii</sup>

Overall, the majority of the approximately 90,000 students who earned bachelor's degrees from the CSU in 2015-16 graduated with student loan debt,<sup>viii</sup> but each campus tells its own story. Across the 23 CSU campuses, the share of 2015-16 graduates who borrowed ranged from 40 percent at San Luis Obispo to as high as 91 percent at Bakersfield, with average debt ranging from \$11,400 at Bakersfield to \$24,300 at Humboldt [see Table 1, below].

To illustrate college costs and affordability across the CSU system, the table below shows the in-state tuition and campus-based fees, total annual cost of attendance, and the proportion of graduates with debt and the average amount.

TABLE 1: CSU Costs and Student Debt, 2015-16 Academic Year

CSU CAMPUS	IN-STATE TUITION AND FEES	ANNUAL TOTAL COST OF ATTENDANCE	AVERAGE DEBT OF GRADUATES WITH BACHELOR'S DEGREES	SHARE OF GRADUATES WITH BACHELOR'S DEGREES WITH ANY DEBT
Bakersfield	\$6,800	\$24,000	\$11,400	91%
Channel Islands	\$6,500	\$26,000	Not Reported*	Not Reported*
Chico	\$7,000	\$23,500	Not Reported*	66%
Dominguez Hills	\$6,200	\$23,000	\$16,400	58%
East Bay	\$6,600	\$23,500	\$19,100	47%
Fresno	\$6,300	\$19,500	\$18,200	51%
Fullerton	\$6,400	\$25,600	\$15,000	42%
Humboldt	\$7,200	\$23,400	\$24,300	74%
Long Beach	\$6,500	\$23,000	\$15,900	44%
Los Angeles	\$6,400	\$23,800	\$16,400	50%
Maritime Academy	\$6,600	\$22,200	\$24,100	74%
Monterey Bay	\$6,100	\$20,200	\$20,900	69%
Northridge	\$6,600	\$21,200	\$17,000	49%
Pomona	\$7,000	\$26,200	\$22,400	53%
Sacramento	\$6,900	\$24,400	\$19,000	56%
San Bernardino	\$6,600	\$20,100	\$22,500	66%
San Diego	\$7,000	\$27,500	\$20,000	49%
San Francisco	\$6,500	\$24,600	\$20,700	50%
San Jose	\$7,400	\$26,200	\$19,800	43%
San Luis Obispo	\$9,000	\$25,400	\$22,400	40%
San Marcos	\$7,300	\$24,500	\$22,700	53%
Sonoma	\$7,300	\$24,700	\$20,800	59%
Stanislaus	\$6,700	\$20,400	Not Reported*	59%

\*These data are reported voluntarily to college guide publisher Peterson's (c) 2017, a Nelnet company, all rights reserved.

TICAS calculations of average debt and share with debt for graduates who received a bachelor's degree in 2015-16 are based on data reported by campuses to Peterson's Undergraduate Financial Aid and Undergraduate Databases (c) 2017 Peterson's, a Nelnet company, all rights reserved. Data on tuition and cost of attendance for 2015-16 are from the U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) for 2015-16. All dollar figures are rounded to the nearest \$100.

# Net Price: What Low-Income Students Pay Annually and the Work Hours Required to Earn that Amount

The net price is the total cost of attendance after all grant aid has been applied. For example, if the total cost of college is \$20,000 and a student receives \$5,000 in grant aid, then the net price would be \$15,000. With over 80 percent receiving some type of financial aid, most students are not paying the full sticker price to attend a CSU.<sup>ix</sup>

Systemwide, about half of CSU undergraduates receive the Pell Grant,<sup>x</sup> which generally serves students from families with incomes of \$40,000 or less.<sup>xi</sup> Research shows that need-based financial aid like the Pell Grant increases students' likelihood of academic success, with one study finding that an increase of \$1,000 in grant aid in a low-income student's first year has been tied to a two to four percentage-point increase in enrollment in the second year.<sup>xii</sup>

However, with such large gaps for low-income students between total college costs and available financial aid (the Pell Grant alone has lost substantial value, covering the smallest share of college costs in more than 40 years),<sup>xiii</sup> many have to work excessive hours to cover their expenses, jeopardizing their likelihood of successfully earning a degree. Data on student debt show how many low-income students need to borrow, and gaps in graduation rates underscore the challenges net prices put on low-income students' ability to complete on time [see Table 2, below]. Improving need-based aid is imperative for both reducing debt disparities and improving graduation rates for underrepresented students.

TABLE 2: Pell Grant Statistics across the CSU, 2015-16 Academic Year

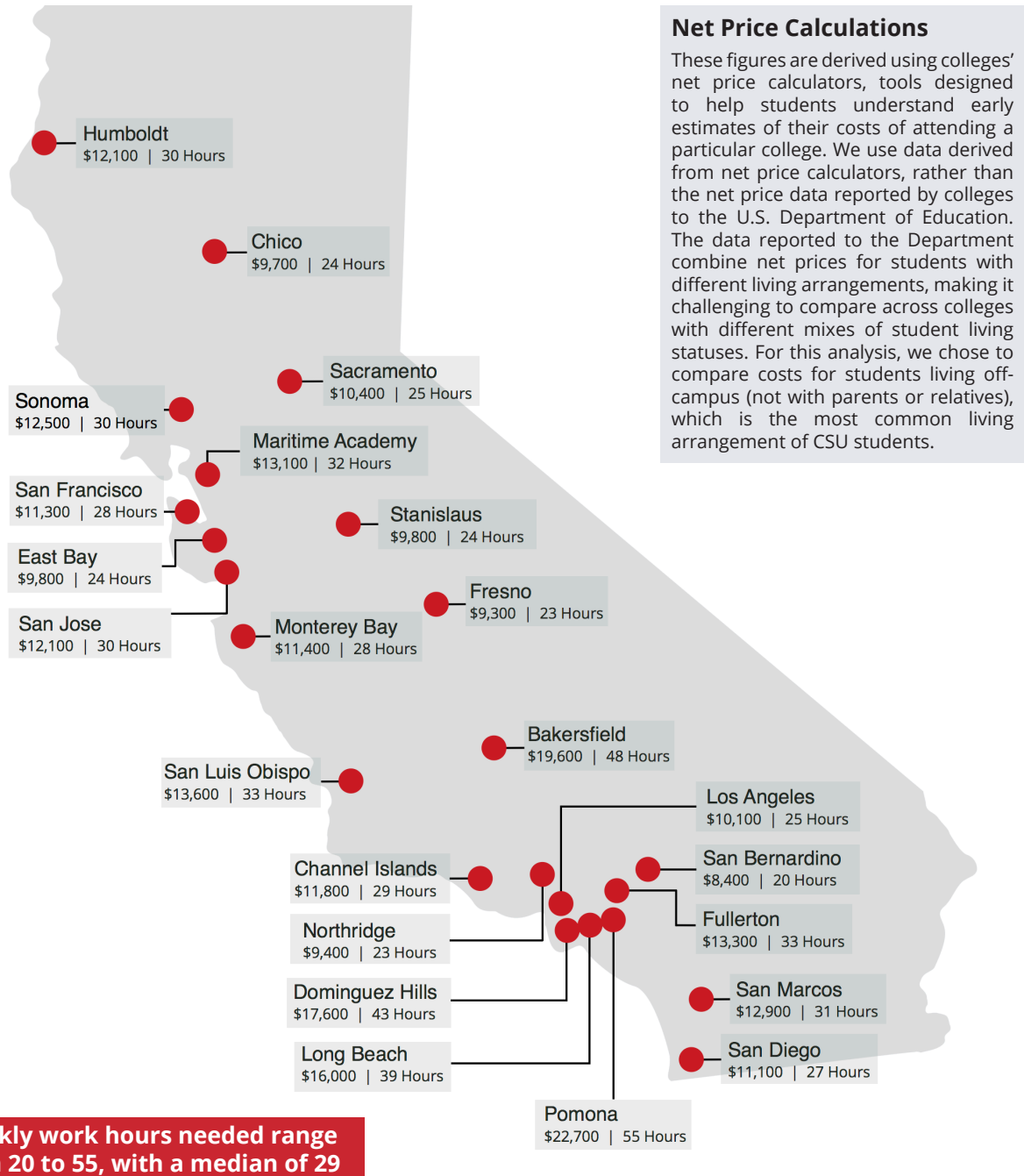
CSU CAMPUS	SHARE OF UNDERGRADUATES RECEIVING A PELL GRANT	GRADUATION RATES FOR PELL GRANT RECIPIENTS	GRADUATION RATES FOR NON-PELL GRANT RECIPIENTS
Bakersfield	62%	42%	44%
Channel Islands	50%	48%	64%
Chico	45%	63%	72%
Dominguez Hills	63%	42%	43%
East Bay	48%	44%	51%
Fresno	58%	51%	63%
Fullerton	46%	58%	65%
Humboldt	55%	39%	51%
Long Beach	51%	65%	72%
Los Angeles	68%	45%	48%
Maritime Academy	31%	56%	64%
Monterey Bay	48%	54%	55%
Northridge	54%	46%	55%
Pomona	47%	65%	71%
Sacramento	53%	46%	52%
San Bernardino	64%	52%	59%
San Diego	36%	69%	75%
San Francisco	45%	53%	53%
San Jose	43%	61%	62%
San Luis Obispo	19%	73%	81%
San Marcos	48%	49%	55%
Sonoma	33%	58%	62%
Stanislaus	60%	57%	58%

Percent of undergraduates who received Pell Grants at any point during the academic year from IPEDS for 2015-16. TICAS calculations of 2015-16 graduation rates based on data from IPEDS for full-time students who had enrolled in college for the first time and graduated within 150% of normal time.

To cover net price, students must come up with thousands of dollars, whether it be through savings, borrowing, or working. While research shows that working more than 15-20 hours per week can be detrimental to student success,<sup>xiv</sup> in light of unmanageable costs students may have no choice but to reduce their course load to make more time to work.

As demonstrated in the map below, the weekly work hours required to cover net costs for the lowest income students are burdensome at the very least, and for some render full-time attendance impossible, compromising their graduation prospects as a result.

**FIGURE 1: Map of Net Prices for Low-Income CSU Students Living Off-Campus and Work Hours Needed**

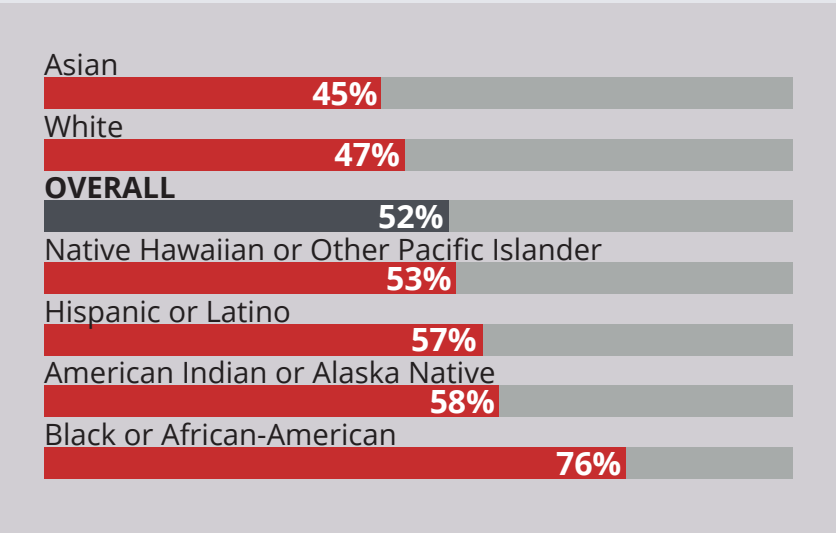


Figures are from each school's Net Price Calculator (NPC) for a dependent student from a family of four (with one child in college) with annual household income less than \$30,000, living independently off-campus. NPCs were accessed in October 2017; figures are rounded to the nearest \$100. Work hours are calculated using 2017 California minimum wage of \$10.50 per hour, assuming 39 weeks of work during a nine month academic school year, and rounded to the nearest hour.

# Racial and Income Disparities in Student Debt

Students facing affordability challenges may also choose to borrow student loans to help bridge the gap. While, among their peers, four-year public college graduates in California have the lowest average debt in the nation,<sup>xv</sup> digging into the data reveals that the burden is not borne equitably. Underrepresented minority graduates at CSU are more likely to have borrowed loans, and the majority of graduates who borrowed have very low incomes. In 2015-16, 76 percent of African-American bachelor's degree recipients had borrowed compared to 47 percent of their White peers. And nearly eight out of ten graduates who borrowed were from families with incomes no greater than \$54,000 per year [see Figures 2 and 3, below].

Figure 2: Bachelor's Degree Recipients Who Graduated in 2015-16 with Debt, By Race

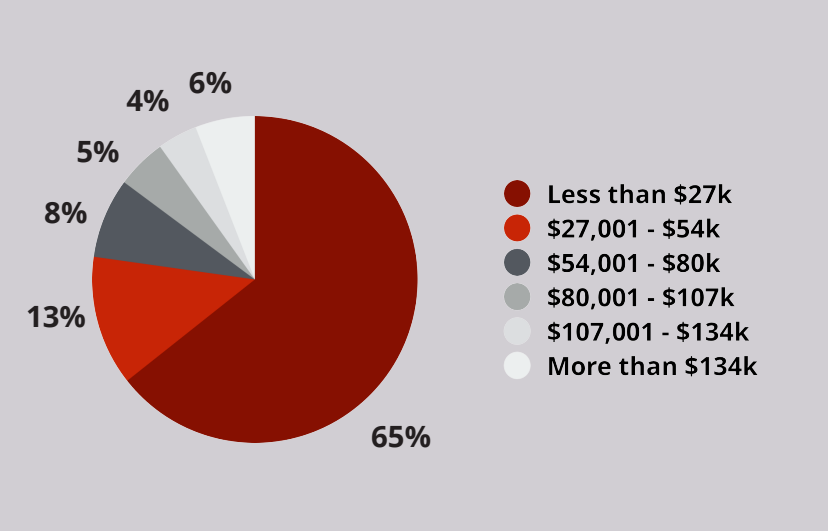


**3 out of 4** African-American bachelor's degree recipients in 2015-16 graduated with student loan debt.

Calculations on data provided on request to CSSA on April 28, 2017 by the California State University Chancellor's Office. Includes all students who graduated in 2015-16 with a bachelor's degree.

**Nearly 8 out of every 10** bachelor's degree graduates who borrowed had family incomes no greater than \$54,000 per year.

Figure 3: Bachelor's Degree Recipients Who Graduated in 2015-16 with Debt, by Family Income



Calculations on data provided on request to CSSA on April 28, 2017 by the California State University Chancellor's Office. Includes all students who graduated in 2015-16 with a bachelor's degree. Figures may not add up to 100% due to rounding.

## Conclusion

---

College costs continue to grow for all students, but the burden falls much more heavily on those with the fewest resources. This is illustrated in the shares of low-income and underrepresented students who borrow, and the unacceptable work hours needed to cover low-income students' total college costs after grant aid is applied.

The Cal Grant is California's primary need-based college financial aid program, yet despite being one of the most generous state grant programs in the country, every year hundreds of thousands of needy eligible applicants do not receive an award simply because not enough are available.<sup>xvi</sup> At the CSU, these eligible non-recipients have an average family income of just \$22,500.<sup>xvii</sup> And for those who do receive a grant, the value of the Cal Grant B access award that helps the lowest income students cover non-tuition costs has stagnated and is worth only one quarter of its original value.<sup>xviii</sup>

Strengthening need-based financial aid to account for total college costs is critical to ensuring more hardworking students can make their studies—rather than work—their focus while in school. Specific ways to accomplish this include, but are not limited to, providing all eligible applicants with a Cal Grant, increasing the value of Pell Grants and Cal Grant B access awards, and targeting institutional grant aid to students with the most financial need. Doing so will not only allow students to enroll in more courses, but increase their likelihood that they successfully complete a degree in a timely manner with as little student loan debt as possible.



**The Cal State Student Association (CSSA)** is a nonprofit organization whose mission is to serve CSU students by engaging students in public higher education policy making and advocating for student interests at the systemwide, state, and federal levels. For more about CSSA, see [www.calstatestudents.org](http://www.calstatestudents.org).



**The Institute for College Access & Success (TICAS)** is an independent, nonprofit research and policy organization dedicated to increasing college access, affordability and success through improvements in student financial aid policies, both nationally and in California. TICAS is home to the Project on Student Debt, which works to increase public understanding of rising debt and the implications for our families, economy, and society. For more about TICAS, see [www.ticas.org](http://www.ticas.org).

This report may only be reproduced or disseminated, in whole or in part, with proper attribution and within the terms of this Creative Commons license for noncommercial use: [creativecommons.org/licenses/by-nc-nd/4.0/](https://creativecommons.org/licenses/by-nc-nd/4.0/).

## Endnotes

---

- i. California Student Aid Commission. 2017. *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).
- ii. For example, see: Crutchfield, Rashida. 2016. *Serving Displaced and Food Insecure Students in the CSU*. The California State University. <https://presspage-production-content.s3.amazonaws.com/uploads/1487/cohomelessstudy.pdf?10000>; Dubick, James, Brandon Mathews, and Clare Cady. 2016. *Hunger on Campus: The Challenge of Food Insecurity for College Students*. College and University Food Bank Alliance, National Student Campaign Against Hunger and Homelessness, Student Government Resource Center, Student Public Interest Research Groups. [http://studentsagainsthunger.org/wp-content/uploads/2016/10/Hunger\\_On\\_Campus.pdf](http://studentsagainsthunger.org/wp-content/uploads/2016/10/Hunger_On_Campus.pdf); Martinez, Suzanna M., Katie Maynard, and Lorrene D. Ritchie. 2016. *Student Food Access and Security Study*. University of California Office of the President Global Food Initiative. <http://regents.universityofcalifornia.edu/regmeet/july16/e1attach.pdf>; Wisconsin HOPE Lab. 2017. *Los Angeles Community College District: District Report from Fall 2016 Survey of Student Basic Needs*. <http://www.wihopelab.com/publications/Wisconsin-HOPE-Lab-LA-CC-District-Report-Survey-Student-Needs.pdf>.
- iii. The California State University. 2017. *Table 1: Total Headcount Enrollment by Term, 2016-2017 College Year*. <http://www.calstate.edu/as/cyr/cyr16-17/table01.shtml>; The California State University. 2017. *Fact Book 2017*. <https://www2.calstate.edu/csu-system/about-the-csu/facts-about-the-csu/Documents/facts2017.pdf>; The California State University. 2017. *CSU as 100 Students: Undergraduate Demographics, Fall 2016*.
- iv. The California State University. 2017. *CSU as 100 Students: Undergraduate Students and Financial Aid, 2015-16*.
- v. TICAS. 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).
- vi. Calculations by TICAS and CSSA based on data from the California Student Aid Commission. 2017. *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).
- vii. The California State University. 2017. *CSU as 100 Students: Undergraduate Demographics, Fall 2016*.
- viii. Calculations by TICAS and CSSA based on 2015-16 CSU student debt data provided on April 28, 2017, by The California State University Office of the Chancellor.
- ix. The California State University. 2017. *CSU as 100 Students: Undergraduate Students and Financial Aid, 2015-16*.
- x. The California State University. 2017. *CSU as 100 Students: Undergraduate Students and Financial Aid, 2015-16*.
- xi. TICAS. 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).
- xii. Goldrick-Rab, Sara, Douglas N. Harris, Robert Kelchen, and James Benson. 2012. *Need-Based Financial Aid and College Persistence: Experimental Evidence from Wisconsin*. <http://www.finaidstudy.org/documents/Goldrick-Rab%20Harris%20Kelchen%20Benson%202012%20FULL.pdf>.
- xiii. TICAS. 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).
- xiv. For more on how working long hours can impede academic success, see: King, Jacqueline E. 2002. *Crucial Choices: How Students' Financial Decisions Affect Their Academic Success*. American Council on Education, Center for Policy Analysis; Perna, Laura. 2010. *Understanding the Working College Student*. American Association of University Professors. <https://www.aaup.org/article/understanding-working-college-student#.WirbvlWnFpg>; Torres, Vasti, Jacob P. K. Gross, and Afet Dadashova. 2010. *Traditional-Age Students Becoming At-Risk: Does Working Threaten College Students' Academic Success?* <http://pas.indiana.edu/mwsc/pdf/Vasti%20Torres%20et%20al.pdf>.
- xv. Calculations by TICAS based on data provided by campuses to Peterson's Undergraduate Financial Aid and Undergraduate Databases (c) 2017 Peterson's, a Nelnet company, all rights reserved.
- xvi. TICAS. 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).
- xvii. California Student Aid Commission. 2017. *Cal Grant Program: New Offered Awardees and Eligible Non-Offered Awardees Average Income, GPA, Family Size, and Age by Segment Award Year 2015-16*. [http://www.csac.ca.gov/pubs/forms/grnt\\_frm/2015-16\\_cal\\_grants\\_new\\_offered\\_eligibile\\_non\\_offered.pdf](http://www.csac.ca.gov/pubs/forms/grnt_frm/2015-16_cal_grants_new_offered_eligibile_non_offered.pdf).
- xviii. TICAS. 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).