



SB15: A Plan for Higher Education in California

PURPOSE:

Establish higher education policies that promote affordability, access, and completion for California students.

BACKGROUND:

During the Great Recession, the state was limited in its ability to develop and invest in policies that support students attending CA Community Colleges, the California State University (CSU), and the University of California (UC). Consequently, the cost of attending CSU and UC has more than doubled between 2004 and 2013, reaching unprecedented levels.¹ The ability of a person to earn a higher education degree directly correlates to his or her ability to earn a higher wage, which strengthens the state's economy. Recent data from the Economic Policy Institute of Washington reveals Americans with a bachelor degree earn 98% more on average per hour more than an individual with only a high school diploma.² Furthermore, it is estimated Californians between the ages of 25 and 64 who complete at least a bachelor of arts (BA) degree are expected to earn an additional \$1.3 million in wages and salary, and receive more than an additional \$1.5 million in total personal income.³ The benefits of completing a BA degree also translate into an individual less likely to access state services. For example, individuals who earn a degree are likely to spend fewer years receiving state aid, four fewer years in poverty, and will spend 10 fewer months incarcerated.⁴

While it is important to maintain a commitment to keep college affordable and accessible, it is necessary to develop policies that incentivize students to finish college in four years. If a student completes his or her degree in four years, it is likely he or she will incur less education costs (including debt) and will contribute to the state's economy faster. Recent research estimates that for every additional year of enrollment in college the total cost of education for the student increases by \$26,000.⁵ These costs include fees, books, and living expenses. In addition to incurring higher costs for not graduating in four years, a student experiences lost wages as well. The Campaign for College Opportunity estimates "a student who takes six years to earn a bachelor's degree will spend an additional \$58,000 more on tuition, fees, books, and other expenses, and will earn \$52,900 less, over his [or her] lifetime, than someone who graduated in four years. As a result of the two additional years, this student will incur \$110,900

¹*Higher Education in California: Student Costs*, Public Policy Institute of California (PPIC), Jacob Jackson (November 2014).

²Economic Policy Institute of Washington, *Analysis of Labor Statistics* (May 2014).

³*California's Economic Payoff: Investing in College Access and Completion*, Campaign for College Opportunity (April 2012).

⁴*California's Economic Payoff: Investing in College Access and Completion*, Campaign for College Opportunity (April 2012).

⁵*The Real Cost of College: Time & Credits to Degree at California State University*, Campaign for College Opportunity (July 2014).

in extra expenses and lost wages.”⁶

In order for a student to complete a degree in four years, he or she needs to enroll in at least 15 units per term. Currently, a full-time CSU student is defined as enrolling in a minimum of 12 units, which is consistent with federal and state law to maintain financial aid awards; however, it puts the student on a path to graduate in five years (120 units) rather than four. Instead, a student who takes 15 units per term will graduate in four years. Currently, neither state nor federal financial aid programs incentivize students to take additional units beyond the minimum 12 required. At the same time, the total cost of education (i.e., tuition, living expenses, books, transportation) has increased for students, particularly at the CSU.⁷ The increases not covered by financial aid (i.e., living expenses, books, transportation) are likely to cause more students to work which in turn may lead them to not take more than 12 units a semester. Research states: “Low-income students who are aware that they must at least take 15 units each semester but are trying to keep these costs down, may take 12 credits, which puts them on a five-year rather than a four-year track to graduation, further increasing costs, including another year of tuition.”⁸

California must develop a comprehensive plan to ensure our public universities are affordable to students and their families. Likewise, the state needs to continue investing in aiding low-income students via the Cal Grant program to have access and choice in attending a public or private university. For example, over 29,000 low-income students receive a Cal Grant to attend a private, non-profit college or university. Most importantly, the state’s financial aid policies should incentivize four year completion because it is cost effective for both the student and the state.

PROPOSAL:

- Eliminate UC's 5% (\$612 per student) tuition increase for students and ensure 5,000 more students are able to attend the university in 2015-16.
- Establish a Completion Incentive Grant (CIG) provided to CSU students to complete 30 units a year.
 - CIG Grant Award provided for three years as follows:
 - \$1,000 for completing 30 units by the end of year one.
 - \$1,500 for completing 60 units by the end of year two.
 - \$2,000 for completing 90 units by the end of year three.
- Create 10,500 more student slots at CSU in 2015-16 by providing enrollment funding.
- Provide 7,500 additional Cal Grant Competitive Awards for students who are not graduating high school seniors or recent graduates.

⁶*The Real Cost of College: Time & Credits to Degree at California State University*, Campaign for College Opportunity (July 2014).

⁷*Higher Education in California: Student Costs*, Public Policy Institute of California (PPIC), Jacob Jackson (November 2014).

⁸*The Real Cost of College: Time & Credits to Degree at California State University*, Campaign for College Opportunity (July 2014).

- Provide \$25 million each to UC and CSU to increase course offerings.
- Repeal 11% Cal Grant Award reduction for students attending private, non-profit universities that is scheduled for the 2015-16 fiscal year, which maintains the maximum grant award at \$9,084.
- Increase Cal Grant Access Awards through the College Access Tax Credit Fund, which overwhelmingly benefits CA Community College Students.
- Provide \$50 million each to UC and CSU to increase availability of student support services, which provide services to students that aid in their ability to complete a degree in timely manner.

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