

APPENDIX 7

Cost of Attendance

The Cal Grant program as currently designed focuses on covering tuition and fees for students with financial need but provides only limited support for living expenses. Tuition and fees comprise a relatively small share of the expenses students must cover while they are in college. This is particularly true for community college students, many of whom benefit from the BOG tuition waiver/California Promise and do not face tuition and fee charges. But even at the University of California, where tuition and fees are about \$14,000 a year, these charges constitute only about 40 percent of the estimated budget for students living on campus.

The question of equitable subsidies for college students' living expenses is not simple. Unlike tuition and books, housing and food costs are expenses everyone faces, whether or not they are students. But being in school requires time for classes and studying. Working full time while in college significantly lowers the probability of academic success. So, forgone earnings because of time out of the labor force are a very real cost of being in college. Without assistance covering these costs, many students face daunting financial barriers. Even students who live at home with their parents frequently have to contribute to help cover living expenses.¹

Students can cover a portion of their living expenses through work and loans, but not the full amount. Some grant aid is necessary for students whose parents cannot cover their living expenses.

Our proposal suggests a maximum self-help level of \$11,000 for UC and CSU students in Step 1, with the legislature appropriating enough funds to lower that self-help over time to meet CSAC-identified affordability targets that allow for reasonable work expectations and little or no debt. We propose an \$8,000 maximum for community college students in Step 1. It is reasonable that opting for this less expensive route should lower the financial burden for these students, who are more likely to be juggling family responsibilities and whose post-college incomes are likely to be lower, making repaying debts more challenging. Again, the goal should be to reduce—but not eliminate—the level of self-help over time.

It is counterproductive for the state to put considerable resources into making tuition and fees affordable but to ignore the remaining financial barriers that will diminish the share of students who succeed in earning degrees in a timely manner; however, the state needs a new, more consistent method of calculating those financial costs

Estimating cost of attendance

If the financial aid system is going to base subsidies on the full cost of attendance, including housing, food, books and supplies, transportation, and other basic living expenses, there should be a reasonable and equitable way to estimate these expenses. Currently, campuses derive student budgets through surveys or other strategies. There is little consistency.

¹ For example, a 2015 survey of Wisconsin students found that 39 percent of students surveyed paid rent and most paid for food. Sara Goldrick-Rab, *The Real Price of College*, <https://tcfdotorg.atavist.com/the-real-price-of-college>.

On-campus room and board charges across UC campuses in 2017-18 ranged from \$13,115 in San Diego to 35 percent more—\$17,549—at Berkeley. At UC San Diego, the budget beyond tuition, fees, and books is slightly lower for on-campus than for off-campus students. The on-campus premium at the other UC institutions ranges from \$1,607 at UCLA to \$8,295 at Merced.

There are clearly geographical differences in cost across the state, but there is considerable variation in budgets even within geographical areas. For example, Berkeley City College budgets more than UC Berkeley for students living in apartments, but about half as much for those living at home with parents. San Francisco State budgets slightly more than UC Berkeley for students living in apartments, but charges considerably less for its dormitories. UC Riverside budgets \$6,000 less than Riverside City college for students living off campus.

Variation in living expense budgets: San Francisco Area and the Riverside Area

	UC Berkeley	SF State	Berkeley City College
In a dorm	\$22,819	\$19,465	n/a
In an apartment	\$19,077	\$19,465	\$19,656
At home with parents	\$12,629	\$4,963	\$6,363
	UC Riverside	CSU San Bernardino	Riverside City College
In a dorm	\$19,430	\$15,508	
In an apartment	\$14,800	\$16,428	\$20,926
At home with parents	\$10,883	\$2,557	\$4,374

Source: NCES, College Navigator

The variation in budgets for books and supplies also raises questions about consistency in the methodology used across institutions. Most (but not all) community colleges budgeted \$1,854 in 2017-18. The highest UC book budget was \$1,357 at UC Irvine, and Berkeley budgeted just \$891.

We recommend that CSAC set geographically-sensitive budgets for non-tuition and fee expenses and use them to define the expectation that campuses meet need. Cal Grants should not differ based on living in a dorm versus an apartment, but institutions with more expensive dorms would have to provide more generous institutional grants in order to preserve the standard self-help amount and hit CSAC-identified affordability targets. Schools that do not meet those targets will have to include standard notices on their award letters that their high housing prices prevent them from meeting the state’s affordability standards. his policy should encourage campuses to keep their on-campus living options more affordable.

Students living at home

California public colleges and universities also vary significantly in how they account for expenses associated with living at home. UC campuses add about \$7,000 in “other” expenses to the budgets of students living at home, for whom budgets do not include a room and board component. Community colleges add an average of about \$600 in other expenses beyond those allowed for students living off-campus. (De Anza, Foothill, and Berkeley City are among the community colleges not adding at all to the other expenses budgets for students living at home; San Jose City College adds about \$5,500.) CSU institutions do not provide any extra allowance.

There is no reason to believe that the expenses facing students living at home would vary so much depending on the segment in which they are enrolled. For the Cal Grant, CSAC should establish a standardized methodology to calculate these students’ budgets, allowing for the reality that there are costs associated with an extra person living in the household and for the need for students to contribute to their family’s expenses. This practice will raise the estimated cost of attendance for community college and CSU students living at home.

Estimating costs across living arrangements

Even with budgets standardized across institutions, the revised Cal Grant system still must address the different costs facing students who choose different living arrangements. Should a student living at home receive the same level Cal Grant and institutional aid as a student living in campus housing, perhaps measuring cost of attendance by taking an average of the costs of the two? Or should the cost of attendance (and resulting aid level) vary based on the student’s living situation?

Providing incentives for students to live at home by using an average cost of attendance that effectively underfunds on-campus housing and slightly over-funds students living at home could have a range of impacts on access and success. On the one hand, some students do not have the option to live at home. Moreover, there is significant evidence that living on campus can have a positive impact on student success.² On the other hand, there could be real savings to both students and the state from encouraging living at home. In other words, there are benefits and drawbacks to both approaches.

We recommend an approach that both makes on-campus living accessible for low-income students by meeting need (assuming a reasonable self-help) for students who live on campus, but also allows students to work less or take on less debt, through a lower self-help requirement, should they choose to save money and live at home. CSAC should:

- Develop a cost of living assessment for students living on campus or in apartments with the standard affordability target discussed above that assumes a self-help total of \$11,000 for at UCs and CSUs, and \$8,000 for community college students.
- Develop a cost of living assessment that more consistently and fairly takes into account costs most students still bear while living at home, but set the affordability target by assuming a lower self-help target for students who choose this money-saving option.

² See e.g. <http://www.iub.edu/~caepr/RePEc/PDF/2010/CAEPR2010-002.pdf>.

This approach makes living on campus an accessible option for all students, while still giving students the option of working less or taking on less debt by going the cheaper route.

Impact of cost of living on CSAC-provided Cal Grant award levels

While our recommendations establish Cal Grant Awards that would generally be consistent for all Pell Grant recipients in a segment, with institutional award levels varying to fill in gaps in need at UC and CSU, the lower cost of attendance for students living at home does create some caveats to that general rule. Specifically, because Pell grants, Cal Grants, plus the self-help requirement cannot exceed total cost of attendance, some CSU and perhaps UC students living at home may receive lower CSAC-provided Cal Grant awards than other Pell recipients. At community colleges, where CSAC awards will be designed to meet need without an institutional supplement, there is likely to be more variation in award amounts.

CSAC-provided Cal Grant awards for these categories of students may vary:

- Some students living at home and attending CSU and possibly UC will receive smaller grants because of the lower cost of attendance.
- Students living at home and attending community colleges will receive smaller grant than those living on their own. However, because they will have a lower self-help expectation, the difference in award levels will be smaller than the difference in COA. Cal Grant award levels will taper down from the maximum level for as family income rises.

Part-time students

Many community college students enroll part time. They clearly have lower tuition and book charges than full-time students. They also have more time to work. (Their higher earnings are reflected in higher EFCs, but not until the third year of enrollment, when EFC is based on income during the calendar year in which they were first enrolled.) Except in rare situations, the federal Pell Grant award is a function of EFC, but not cost of attendance. The award is pro-rated for attendance intensity with, for example, half-time students receiving half of the award they would get if they were full time. The simplest adjustment to the Cal Grant would take the same approach. In the example above of a \$7,000 Cal Grant for community college students student, half-time students would receive \$3,500 Cal Grants.

The system is designed to meet the need of full-time students. It pro-rates awards for part-time students without addressing the question of measuring need among these students, a process that the federal student aid system also avoids.