



# SB15: A Plan for Higher Education in California

## Fact Sheet

### *Helping California Students Access, Afford, and Finish College*

Today, the Senate stands with California's students and their families as we propose legislation that will improve college access, affordability, and help students complete their degrees.

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 since 2004 and the tuition proposals being pursued today show no sign this trend is slowing down.

The ability to attend college has to be made easier for all Californians in order to secure a vibrant future for California's economy and prepare a fully-equipped workforce for generations to come.

Completing a higher education degree directly improves an individual's future earning potential. A degree is almost a prerequisite to be hired for a well-paying job.

Californians between ages 25-64 who complete a bachelor's degree can expect to earn an additional \$1.3 million in wages and salary.

According to the Public Policy Institute of California, "Without a substantial improvement in educational outcomes, California's economy will be less productive, incomes and tax revenue will be lower, and more Californians will depend on the social safety net."

If current trends continue, by 2025 California will have a shortfall of 1 million college graduates.

Every kid deserves a fair shot at attending a good public university in their own state, regardless of where they come from. Our public universities need to accommodate more students and ensure they complete a degree.

## **Proposal**

### **ACCESS**

#### **Increase UC enrollment by 5,000 in 2015-16**

Ensure more California students attend UC by providing enrollment growth funding and charging a higher tuition premium for non-resident UC enrollees (+17% or \$4,000 annually).

#### **Increase CSU enrollment by 10,500 in 2015-16**

Provide enrollment growth funding and improve graduation rates at CSU. New slots made available for California students will also help the state better accommodate CA Community College student transfers.

### **AFFORD**

#### **Eliminate UC's 5% tuition hike for students**

Protect California students from the UC Regents plan to raise tuition by providing more state funds and charging a higher tuition premium for non-resident UC enrollees.

#### **Encourage investment in the College Access Tax Credit Fund to increase number of Cal Grant Access Awards**

\$500 million in tax credits are currently available to facilitate a 60% credit for each charitable donation made to the College Access Tax Credit Fund. Contributions will double funding Cal Grant Access Awards that benefit community college students.

#### **Repeal this year's scheduled 11% cut to Cal Grants**

Cal Grant Awards for students attending private and non-profit universities face an 11% reduction in 2015 that will affect over 29,000 financial aid recipients and limit the maximum grant award to \$9,084.

Stopping this reduction will protect low-income students' access and choice for a higher education and foster economic and ethnic diversity at private and non-profit college campuses.

#### **Fund 7,500 additional Cal Grant Competitive Awards for older, non-traditional students**

California will need 41% more bachelor's degrees to meet the state's workforce demands in 2025 and we cannot meet this goal unless older adults also attend college.

Cal Grant Competitive Awards directly serve non-traditional students and Increasing these awards will help more of them pursue a college degree.

## ***FINISH***

### **Establish Completion Incentive Grants to reward CSU students making progress towards a 4-year degree.**

State and federal financial aid programs do not incentivize students to take additional units beyond the minimum, and some states providing robust financial aid struggle with student success and completion rates.

To finish an undergraduate degree at CSU in four years, a student has to complete at least 15 units per term. Full-time enrollment at CSU is currently defined as completing 12 units per term minimum, a pace that extends enrollment to five years.

The total cost of education (tuition, living expenses, books, transportation) has increased significantly for CSU students and many students have to work part-time to pay for what financial aid does not cover. These time constraints reduce the amount of units they can take and prolongs degree completion.

For each additional year of enrollment, the total cost of education can increase by \$26,000 and negatively impacts the student's future earning potential. Completing an undergraduate degree in four years saves money and allows the student to contribute to the economy sooner. Faster graduation rates will also free up seats for more students to enroll in CSU.

Completion Incentive Grants will help CSU students focus more on classes and encourage them to finish college on time. Eligible students will receive:

- ❖ \$1,000 for completing 30 units by Year 1
- ❖ \$1,500 for completing 60 units by Year 2
- ❖ \$2,000 for completing 90 units by Year 3

### **Provide \$25 million each to UC and CSU to offer more classes, making it easier for students to graduate on time**

In order for students to complete a degree in four years, they need to access the courses necessary for graduation. Due to recent reductions, many course offerings have been severely reduced and this hinders a student's ability to complete a degree in a timely manner. \_

### **Increase funding by \$50 million each at UC and CSU to provide more student support services**

Students will receive better guidance to help complete their college degrees in a timely and efficient manner.

## Costs and Funding

### SB 15: A Plan for Higher Education in California (dollars in millions)

| Proposal   | Cost         |              |              |
|--|--------------|--------------|--------------|
|  | 2015-16      | 2016-17      | 2017-18      |
| Fund enrollment growth at UC and CSU <sup>1</sup>  | \$113        | \$113        | \$113        |
| Expand student support services to help more students succeed and graduate on time, including \$25 million each to UC and CSU for more course offerings. | \$150        | \$150        | \$150        |
| Completion Incentive Grants for CSU Students <sup>2</sup>  | \$48         | \$70         | \$100        |
| Maintain current level of Cal Grant awards for students at nonprofit colleges <sup>3</sup>   | \$9          | \$17         | \$24         |
| Fund 7,500 additional Competitive Cal Grants awards <sup>4</sup>   | \$22         | \$37         | \$47         |
| Increase Cal Grant B Access Awards <sup>5</sup>  | \$-          | \$-          | \$-          |
| <b>Total</b>   | <b>\$342</b> | <b>\$387</b> | <b>\$434</b> |
| Funding Sources  |              |              |              |
| Transition Middle Class Scholarship program into initiatives more likely to improve student success <sup>6,7</sup>                                       | \$102        | \$193        | \$285        |
| Increase UC non-resident tuition premium   | \$82         | \$82         | \$82         |
| Increase state General Fund investment   | \$156        | \$111        | \$66         |
| <b>Total</b>   | <b>\$342</b> | <b>\$387</b> | <b>\$434</b> |

<sup>1</sup>Based on roughly 1/2 of CSU Cal Grant students receiving \$2,000 grant (annual growth of 10%)

<sup>2</sup>Assumes growth of 2.4% at UC/3% at CSU (5,000 FTES at UC/10,500 FTES at CSU)

<sup>3</sup>Upon full implementation, 2018-19, \$28.8 million

<sup>4</sup>Upon full implementation, 2018-19, \$53.5 million

<sup>5</sup>Funded through the College Access Tax Credit Fund

<sup>6</sup>Doesn't include MCS funds potentially available from the current year

<sup>7</sup>Includes grandfathering out of current recipients

### *General Fund*

All proposed costs assume the Governor maintains his current 4% increase commitment to UC and CSU. New General Fund costs will reduce by 2017-18.

### *Higher Tuition Premium for Non-Resident UC Enrollees*

California's university system is one of the most premier higher education systems in the world and we should require that non-resident students pay a premium to attend it.

UC's tuition for non-resident students should be comparable to pricing at other esteemed U.S. public universities. The proposed premium of +17% (\$4,000 annually) will result in about \$82 million in new funding per year. University of Michigan and

University of Virginia currently charge their non-resident students between 17% and 38% higher in tuition than UC charges theirs.

Revenue created by a non-resident UC tuition premium will be used to invest in access and affordability efforts that benefit California resident students.

*Middle Class Scholarship (MCS)*

Future MCS program funding will be repurposed to benefit all California students by helping eliminate the UC's 5% tuition hike, increase funding for enrollment and course offerings, provide additional student support services on campus, and award financial aid that is targeted more effectively.

Students who received MCS awards in 2014-15 year will continue to receive awards. No new students will be funded in the 2015-16 fiscal year or thereafter.

*College Access Tax Credit Fund*

The Fund is estimated to net \$350 million annually and will be used to boost Cal Grant Access Awards for nearly 200,000 California college students at no cost to the state.

\*\*\*