



SB 15: A Plan for Higher Education in California

Costs and Funding

PROPOSAL	COST		
	2015–16	2016–17	2017–18
Fund enrollment growth at UC and CSU ¹	\$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 ²	\$48	\$70	\$100
Maintain current level of Cal Grant awards for students at nonprofit colleges ³	\$9	\$17	\$24
Fund 7,500 additional Competitive Cal Grants awards ⁴	\$22	\$37	\$47
Increase Cal Grant B Access Awards ⁵	\$–	\$–	\$–
Total	\$342	\$387	\$434

FUNDING SOURCES

Transition Middle Class Scholarship program into initiatives more likely to improve student success ^{6,7}	\$102	\$193	\$285
Increase UC non-resident tuition premium	\$82	\$82	\$82
Increase state general Fund investment	\$158	\$111	\$66
Total	\$342	\$387	\$434



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The costs of taking longer to graduate

For example, at California State University, Long Beach

A student who graduates...	Spends approximately this much out of pocket*	...this amount more than graduating on time	Will earn this much more over his/her lifetime as a result of having a bachelor's degree...	...this amount less than graduating on time	Combination of extra educational expense and lost wages
...in 4 years	\$72,600	—	\$1,348,600	—	—
...in 5 years	\$99,300	\$26,700	\$1,325,800	(\$22,800)	\$49,500
...in 6 years	\$130,600	\$58,000	\$1,295,700	(\$52,900)	\$110,900
...in 7 years	\$167,400	\$94,800	\$1,285,300	(\$90,300)	\$185,100

Notes: 1) Estimates are for an 18 year old student who will attend full-time and will not work during college; 2) The tool assumes the retirement age at 64 and no unemployment throughout one's lifetime once the degree was earned. 3) Figures in table have been rounded.

* Net price of tuition, fees, books, supplies, room and board, transportation and other expenses.

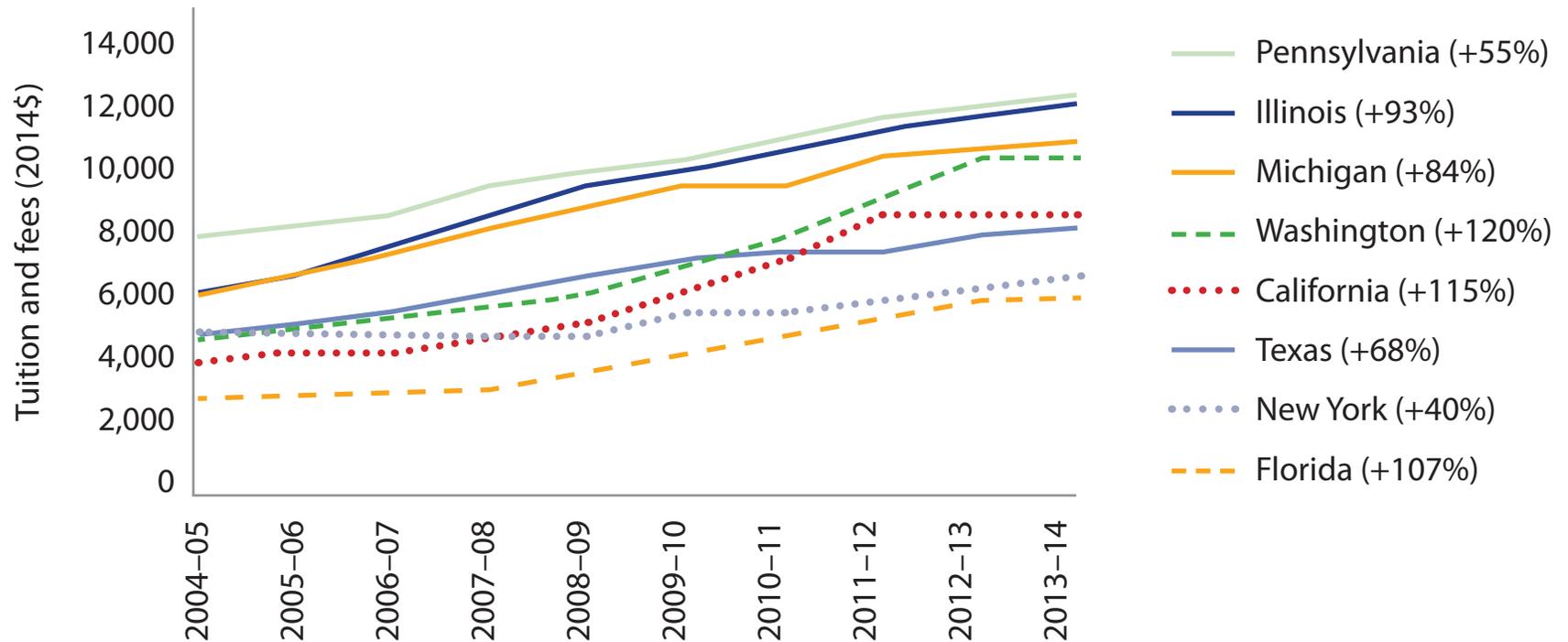
Source: Student Cost Model Tool (IPEDS average net price by income level and American Community Survey state-level wage

Source: The Campaign for College Opportunity: California's Economic Payoff, Investing in College Access and Completion.



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Tuition increases across states



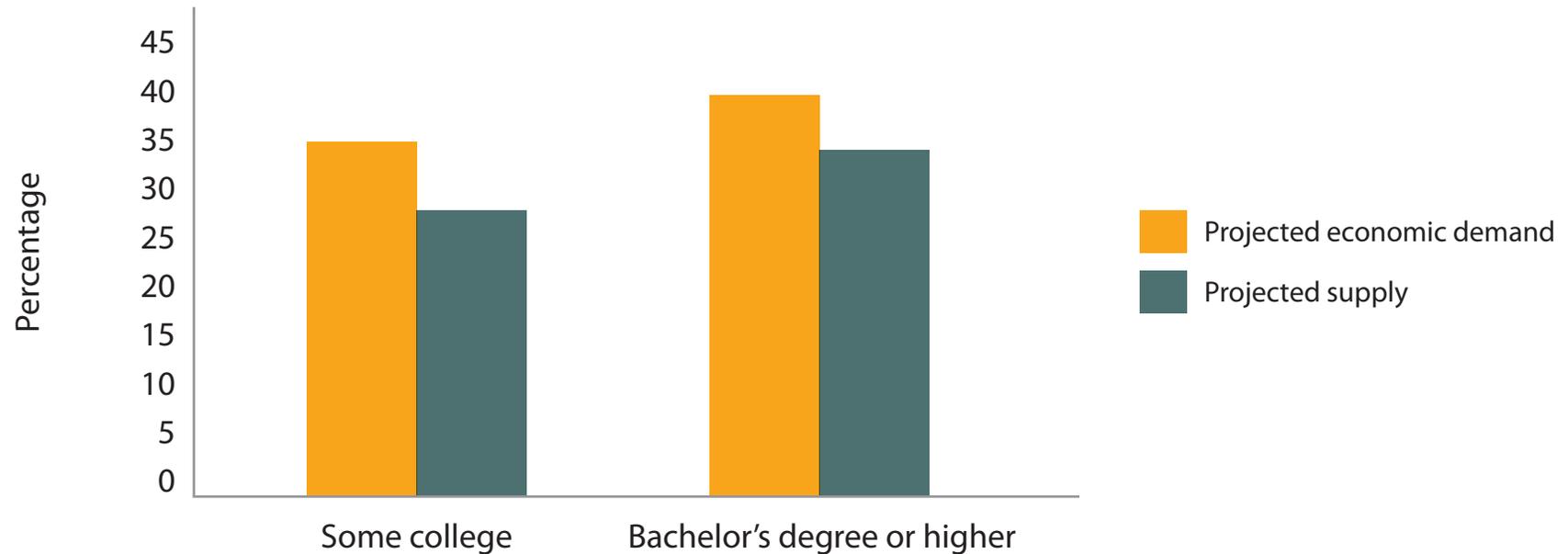
SOURCE: College Board.

NOTES: Data from the College Board come from all public four-year universities in the state; for California, that includes all of CSU and the nine undergraduate UC schools. Tuition represents combined tuition and fees. While no state is exactly like California, the figure includes the states with the largest systems of public universities (NY, TX, PA, FL) as well as other large states with prestigious public institutions (WA, IL, MI). Data are presented on a student-weighted basis.



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By 2025, California may face a shortage of workers with college training



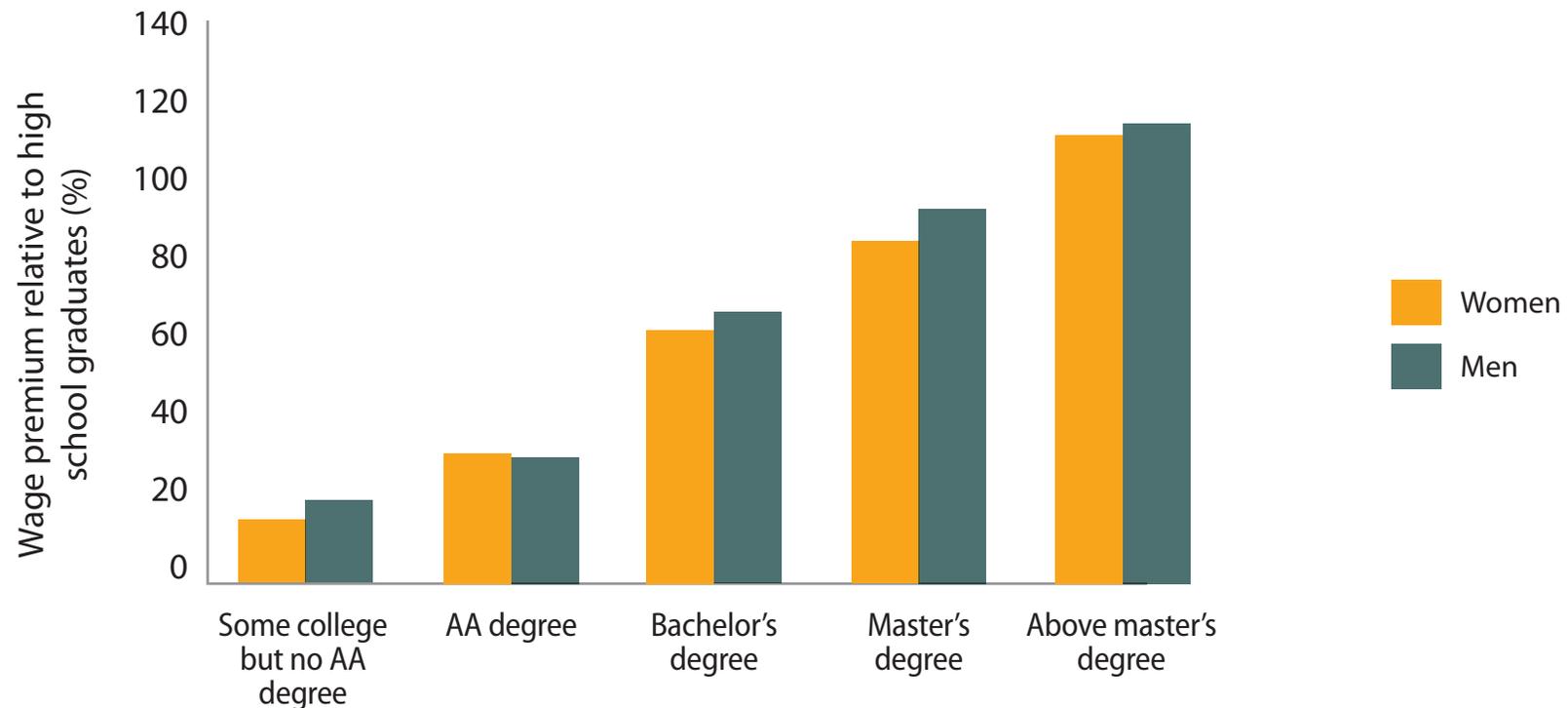
SOURCE: Based on projections in D. Reed, *California's Future Workforce: Will There Be Enough College Graduates?* (PPIC, 2008), and H. Johnson and R. Sengupta, *Closing the Gap: Meeting California's Need for College Graduates* (PPIC, 2009).

NOTE: Underlying methodology developed in D. Neumark, "California's Economic Future and Infrastructure Challenges," and H. Johnson, "California's Population in 2025," both in *California 2025: Taking on the Future*, ed. E. Hanak and M. Baldassare (PPIC, 2005).



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Educated workers earn higher wages



SOURCE: Author's calculations from American Community Survey, 2010–2012.

NOTE: Chart shows wage premium relative to high school graduates from an OLS regression model of the natural log of hourly earnings. See note 9 for further details.



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An affordable college education is a cornerstone of middle class security

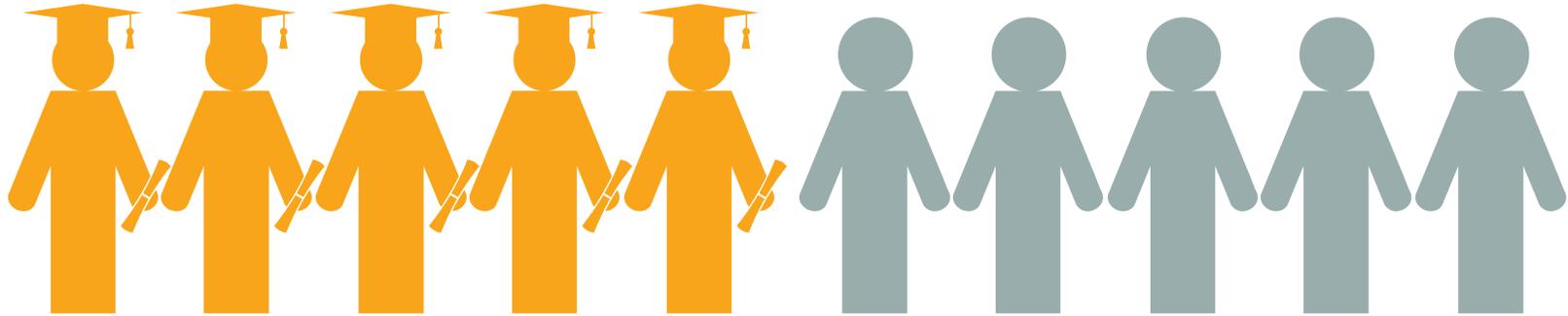


SOURCE: White House



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Only about half of California students complete their college education



49%
graduate from the
California Community
College system
after 6 years

51%
graduate from the
California State
University system
after 6 years

84%
graduate from the
University of
California system
after 6 years