

Date of Hearing: April 17, 2018

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 3213 (Bonta) – As Amended April 9, 2018

SUBJECT: Postsecondary education: cost of attendance: fiscal matters.

SUMMARY: Requires the California State University (CSU), the University of California (UC), and independent institutions of higher education to include at a minimum, specified items, including tuition and fees, in a calculation of a full-time student's cost of attendance (COA) at that institution. Specifically, **this bill:**

- 1) Requires the CSU, UC, and independent institutions of higher education to include, at a minimum, the following items in a calculation of a full-time student's COA at that institution:
 - a) Tuition and fees;
 - b) Allowance for books and supplies;
 - c) Room and board, including the cost of on-campus housing and off-campus housing, based on the average cost of housing of the community immediately surrounding the institution, adjusted annually to reflect the changes in cost of living;
 - d) Transportation, including the cost of airfare, trainfare, or busfare, for at least two annual round trip tickets, for students at least 100 miles away from home;
 - e) Technology and connectivity, including the cost of one laptop computer and any necessary program software;
 - f) Extracurricular activities including the cost to participate in sports, clubs, and other recognized student organizations; and,
 - g) Health care costs equivalent to at least the cost of student-insurance plan offered by the institution.
- 2) Requires the CSU, UC, and independent institutions of higher education to do all of the following:
 - a) Disclose to a student in accurate and meaningful ways how they created their COA estimates required in (1) (a-g) inclusive above; and,
 - b) Provide a student with the option of receiving financial aid disbursements once per month during the academic term.

EXISTING LAW:

Federal law.

- 1) Requires, the United States Secretary of Education to make publicly available on the College Navigator website specified information about each institution of higher education that

participates in federal financial aid programs, which includes, among many other things, the cost of attendance for first-time, full-time undergraduate students who live on campus and for those who live off-campus. Existing regulations also require, for public institutions of higher education, information on costs for residents and non-residents (United States Code (USC), Title 20, Section 1015a).

- 2) Defines, “cost of attendance” as:
 - a) Tuition and fees normally assessed, including costs for required equipment, materials or supplies;
 - b) An allowance for books, supplies, transportation, and miscellaneous personal expenses including a computer;
 - c) An allowance, as determined by the institution, for room and board costs, as specified;
 - d) For students enrolled less than half-time, tuition and fees and an allowance for specified costs; and,
 - e) Allowances for students who are engaged in work study, are incarcerated, have dependents or are disabled (20 USC Section 10871l).

State law.

- 1) Establishes the Donahoe Higher Education Act, setting forth the mission of the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC); and, defines "independent institutions of higher education" as nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations in California and are accredited by an agency recognized by the United States Department of Education (Education Code (EC) Section 66010, et seq.).
- 2) Requires each campus of the CSU, and requests each campus of the UC, to post on its Internet Web site, on or before February 1, 2018, and on or before February 1 each year thereafter, information about the market cost of a one-bedroom apartment in the areas surrounding that campus where its students commonly reside. Specifies that in reporting this information, the campus shall exercise due diligence, and shall consult bona fide and reliable sources of current information about local housing market costs, including, but not necessarily limited to, information received from students of that campus, local newspapers and bulletin boards, and Internet Web sites on which notices regarding local rental vacancies are posted. Requires that the information posted pursuant to this section shall be posted in the same location on the campus Internet Web site where the housing cost estimates for off-campus students are posted (EC 66014.2).
- 3) Defines “cost of attendance” as the mandatory systemwide fees, books and supplies, room and board, transportation, and miscellaneous personal expenses for an undergraduate California resident student, as used in determining financial aid eligibility (EC Section 66028.1).

- 4) Requires the UC Regents and the CSU Trustees to annually provide the Legislature, by February 1 of each year, with detailed information regarding expenditures of revenues derived from student fees and uses of institutional financial aid, and provide information regarding the systemwide average total cost of attendance per student (EC Section 66028.6).
- 5) Requires, commencing with the 2018-19 award year, that each higher education institution (except the CCC), to the extent feasible, send an individualized letter to their students regarding information on their student loans; and, specifies that if an institution is not able to provide a student with estimates, the institution shall inform their students in the letter that they may view their financial aid history via the National Student Loan Data System (NSLDS) and must provide the Internet Web site link to the system (EC 69509.6).
- 6) Requires the UC to report biennially to the Legislature and the Department of Finance, by October 1 of each even-numbered year, on the total costs of education at the UC; the report must identify the costs of undergraduate education, graduate academic education, graduate professional education, and research activities. Existing law requires all four of these categories to be reported in total and disaggregated separately by specified disciplines. Additionally, existing law requires the costs to be reported on both a systemwide and campus-by-campus basis for any report submitted after January 1, 2017. Existing law requires a report prepared after January 1, 2017, to include information on costs, disaggregated by campus, based on the methodology developed by the National Association of College and University Business Officers in its February 2002 report, and other methodologies determined by the UC (EC Section 92670).

FISCAL EFFECT: Unknown.

COMMENTS: *Need for the measure.* According to the author, "The institutional Cost of Attendance (COA) sets the limit for the amount of federal, state, and institutional financial aid a student can receive. But there is no standardized system for determining the components of COA related to room, board, and other miscellaneous living costs, which together comprise the institution's living cost allowance."

The author contends that if postsecondary institutions of higher learning do not accurately predict students' costs, "students may find themselves unable to cover the basic costs of enrollment, making it more difficult for them to complete their course of study".

Student Expenses and Resources Survey (SEARS). SEARS was a triennial survey conducted by the California Student Aid Commission (CSAC) to assess the financial circumstances, attendance costs, and expenses of California's college students. This survey was carried out in cooperation with the California Community Colleges, the UC, the CSU, the Association of Independent California Colleges and Universities, and the California Association of Private Postsecondary Schools. CSAC administered this survey to students attending postsecondary educational institutions across the state. The survey contained questions that are considered "core" subjects, such as dependency status, expenses, resources, and housing arrangements. Due to budget constraints, the SEARS survey has not been conducted since 2006-07. The data currently available is based on the 2006-07 survey and is adjusted for inflation.

http://www.csac.ca.gov/pubs/forms/grnt_frm/studentexpensebudget.pdf

SEARS yielded data that accounted for costs and expenses across all systems of postsecondary

education in California, but was not system - or campus - specific and therefore did not account for regional differences in costs. According to CSAC's 2017-18 Student Budget Expense Budgets, the cost of off-campus housing per month is \$1,030.

To note, last year, CSAC Staff recommended to the Commission that SEARS needed to be re-established and that CSAC needed to administer a new survey. As of December of 2017, CSAC Staff have identified a tentative timeline that would involve administering the survey in the early months of 2018, collecting and analyzing the data in the summer of 2018, and having the data available to build student expense budgets as students begin applying for financial aid and college admissions in the fall of 2018. The student expense budgets would therefore be applicable to the 2019-20 academic year.

College Navigator. Existing federal law requires the United States Secretary of Education to make publicly available on the College Navigator Web site (found here: <https://nces.ed.gov/collegenavigator/>) specified information about each institution of higher education that participates in federal financial aid programs, among many other things, the cost of attendance for first-time, full-time undergraduate students who live on campus and for those who live off-campus. The College Navigator provides campus-specific data, and federal law defines "cost of attendance" to include allowances for housing.

To note, federal statutes do not state how the cost of attendance is to be established.

Current state practices. The CSU determines student expenses using data from the 2006-07 SEARS report; and adjusting for inflation. The CSU publishes a summary of standard student expense budgets (found here: <http://www.calstate.edu/SAS/costof attendance/documents/17-18COA.pdf>) otherwise known as the annual campus COA.

The UC distributes a COA Survey every three years to a random sample of UC students to ask about their actual indirect costs. Those survey responses are used to inform campus-specific student budgets. The total COA, or student expense budget, includes tuition and fees, room and board, books and supplies, transportation, health care, and personal expenses. The last survey (based on over 14,000 student respondents) was completed in Spring of 2016; the results were released in February 2017 and used to determine UC's total COA commencing in 2017-18. According to the UC, moving forward, the COA Survey will be administered biennially rather than triennially.

Committee comments. 1) *SEARS.* As referenced in the "SEARS" section of this analysis, CSAC is in the process of gathering new data via the survey. SEARS provides a more uniform picture at what COA looks like; it provides the segments with uniform data. However, as this bill is drafted, each campus would still need to provide its own COA.

2) *Housing prices.* As currently drafted, this measure tasks the UC, CSU, and the independent colleges and universities, to include the average cost of on-campus and off-campus housing. To note, current law requires the CSU and requests the UC, to annually list on each campus Web site, the average cost to rent a one-bedroom apartment in the community of the campus.

3) *Transportation.* The bill requires transportation costs to be conveyed in the COA, including the cost of airfare, trainfare, or busfare, for at least two annual round trip tickets, for students at least 100 miles away from home. Currently, the financial aid worksheets provides a

miscellaneous section; presumably various modes of transportation would be covered, based on the professional judgment of financial aid officers.

It is presently unclear how the campuses would be able to provide the transportation requirements as required by this bill.

Moving forward, the author may wish to determine whether or not providing transportation data is feasible.

4) *Technology.* The bill requires the COA to include annual technology and connectivity costs, including the cost of one laptop computer and any necessary program software.

Most college students use one laptop computer for the duration of their collegiate experience. Is it appropriate to ask campuses to provide an annual cost for a laptop computer?

Moving forward, the author may wish to consider removing the provision of the COA including an annual cost for one laptop computer.

5) *Extracurricular activities.* The bill requires extracurricular activities, including the cost to participate in sports, clubs and other recognized student organizations, be included in the COA. As mentioned in (3) above, a miscellaneous section is now on the form; presumably extracurricular activities could be included in this section. As presently drafted, this bill could cause campuses to list a high fiscal estimate; thus becoming a potential deterrent to some students because of the "sticker shock". Some students may think they have to take out the additional funds in order to enroll at the campus of their choice and may end up not enrolling at all.

To note, just because the additional associated costs are included in the COA, does not mean students will receive the additional financial aid; or may end up taking out unnecessary loans thinking they need to take out the additional funds.

Additionally, "extracurricular activities" is defined in various ways.

Moving forward the author may wish to specify exactly what is meant by "extracurricular activities" for purposes of implementing this measure.

6) *Health care costs.* The bill requires the annual listing of health care costs equivalent to at least the cost of student-insurance plans offered by the institution.

Not all campuses may offer student-insurance plans. What will this mean for how they report?

Moving forward the author may wish to exempt campuses that do not offer student-insurance plans from having to include this in the COA.

7) *Disclosure and disbursements.* The bill requires the institutions to disclose to students how they created their COA. It is presently unclear what the students would do with said information. Additionally, the bill requires the financial aid offices to provide a student with the option of receiving financial aid disbursements once per month during the academic term.

Committee Staff understands that many financial aid offices are understaffed. It is presently unclear if the various financial aid offices are equipped to handle monthly disbursements instead of the practice of issuing the total disbursement once time during the academic term.

Moving forward, the author may wish to work with the financial aid officers to ascertain if they have the capacity to provide monthly disbursements to their students.

Related legislation. AB 1858 (Calderon), which is currently on the Assembly Appropriations Suspense File, would, in part, require, by January 1, 2020, and permanently thereafter, each UC, CSU, and CCC campus, and each independent institution of higher education, as defined, to use the Financial Aid Shopping Sheet as developed by the USDE or a successor document identified by the California Student Aid Commission to inform students or potential students about financial aid award packages.

Prior legislation. AB 990 (Rodriguez), Chapter 170, Statutes of 2017, in part, required each campus of the CSU, and requested each campus of the UC, to annually post on its Web site information about the market cost of a one-bedroom apartment in the areas surrounding the campus.

AB 1064 (Calderon) of 2017, which was vetoed by the Governor, would, in part, require the CSU to conduct a survey every three years at each campus to determine the average student's annual discretionary expenses, excluding tuition and fees, to attend the campus.

AB 1178 (Calderon), Chapter 448, Statutes of 2017, in part, commencing with the 2018-19 award year, required each higher education institution (except the CCC), to the extent feasible, send an individualized letter to their students regarding information on their student loans.

REGISTERED SUPPORT / OPPOSITION:

Support

Associated Students of Pomona College
USC Undergraduate Student Government

Opposition

None on file.

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