

October 14, 2004

Board of Trustees  
California State University  
401 Golden Shore  
Long Beach, CA 90802-4210

Dear CSU Trustees:

At the September Board of Trustees meeting, many of you expressed concerns with the proposed CSU long-term student fee policy. Wisely, you postponed taking final action until you could obtain information on how the student fee policy would affect current and future CSU students.

CFA shares your concern that additional student fee increases, coupled with a shortfall in state financial aid grants, could have an adverse impact on student enrollment – especially for students from low-income and underrepresented groups. Since Fall 2002, undergraduate student enrollment fees have increased by 63 percent, with teacher credential student fees rising by 80 percent and other graduate students paying 87 percent more in higher fees.

To assist you in your deliberations, CFA is providing the following analysis:

### **Effects on Student Enrollment – As Fees Increase, Students Decline**

Almost without exception, researchers have found a strong, inverse relationship between tuition/fee levels and higher education enrollments. In other words, student enrollment declines as tuition and/or student fees increase.

According to a 1997 report, when controlling for other factors that affect enrollment, a tuition increase of \$100 will result in an enrollment decline of between 0.5 and 1.0 percent. Researchers also found in a 2001 EdFund study that lower income students and students of color are more sensitive to tuition increases than students from middle and upper income backgrounds.

Research has also shown students enrolled in the CSU to be particularly sensitive to tuition increases. A study conducted for the Rand Corporation in 1995 showed that a 10 percent increase in student fees would result in a 1.97 percent decline in CSU enrollment. The same analysis demonstrated that students enrolled in the California Community Colleges and University of California were less price sensitive than CSU students.

The single most important reason CSU students are particularly sensitive to changes in fees is the high proportion of lower income students enrolled in the CSU.

## **State Financial Aid – CSU Student Needs Not Being Met**

Many studies suggest that providing higher financial aid can compensate for the impact of fee increases on student enrollment. Unfortunately, not enough funding is being allocated by the state to provide Cal Grants to CSU students who meet economic eligibility requirements.

According to the California Student Aid Commission, in 2002-03, of the CSU students who were *eligible* to receive a state Cal Grant, nearly half of the eligible applicants were *denied* state grant aid (18,809 students or 48.7 percent). Additionally, growing numbers of eligible students are applying for a restricted number of available state grants. Because of restrictions in the number of competitive Cal Grants offered by the state, in 2002-03 nearly 108,000 *eligible* applicants competed for a mere 22,500 available Cal Grants.

## **The Cost of College Attendance – CSU Education Not a “Bargain” Anymore**

When the costs of a CSU education are compared with other U.S. four-year colleges and universities, a CSU education is increasingly inaccessible and unaffordable for students. Even though other U.S. four-year public colleges and universities charge students higher fees, this *does not* mean a CSU student’s total cost of attending college is less than what other comparable students pay for their education. This is because cost-of-living expenses – especially room and board – are significantly higher for CSU students than for other students around the country.

Prior to the steep rises in CSU student fee levels that occurred since Fall of 2002, a CSU student living on-campus paid roughly the same total costs as did students attending comparable U.S. colleges and universities, despite much large fee levels in other states. In 2002-03, CSU students who lived off-campus actually paid \$168 more – a disparity that nearly doubled just a year later. According to a College Board report, in 2003-04 CSU students living off-campus on average paid \$322 more than students attending other comparable U.S. public four-year institution, even though tuition and fee levels at comparable campuses were \$2,394 higher than CSU fees. Unfortunately, due to recent student fee increases, CSU student costs have grown even more and student access has become further limited.

## **The Political Consequences of a Proposed Fee Increase**

Although California policymakers continue to offer comparisons between CSU fees and public four-year institutions from other states, such comparisons dilute the historical and economic benefits to California of maintaining affordable and accessible public higher education opportunities for students. Continually increasing student fees ignores the

state's calculated benefits that have occurred when student fees were low. Research consistently shows that large fee increases hamper the ability of too many students – mostly from low-income and underrepresented groups – to attain a higher education. This lack of educational attainment deteriorates the intellectual assets of our state and dramatically reduces the economic benefits to the state that a low-cost, accessible CSU education provides. We believe it is not in California's interests to use other states as a benchmark in determining if our student fee levels are appropriate.

CFA believes that further reducing the state's financial burden by *prematurely* increasing student fees before the state budget process begins – and lowering the CSU's expectations of the state's financial responsibilities – weakens CSU advocacy efforts to protect student needs and strengthen the economic health of our institutions.

Even if student fees are increased and the Compact is fully funded, nearly *10,000 eligible students* will continue to be denied access to a CSU education due to our cumulative financial shortfalls.

As CSU Trustees, we encourage you to advocate for funding solutions that restore the quality and accessibility of the CSU – without further penalizing the students we serve – and doesn't simply maintain our current economic climate in which student access and educational opportunities are being sacrificed.

CFA looks forward to developing a collaborative and productive relationship as we jointly seek to preserve the quality and accessibility of the CSU. Please don't hesitate to contact me if you have any questions or concerns.

Respectfully,

John Travis  
President

cc: Charles Reed, Chancellor, CSU  
Richard West, Executive Vice-Chancellor, CSU  
Patrick Lenz, Assistant Vice-Chancellor, CSU  
Karen Zamarripa, Assistant Vice-Chancellor, CSU  
Susana Gonzalez, Executive Director, CSSA  
Laura Kerr, Legislative Director, CSSA