



January 24, 2016

**Resolution Concerning the Implications of the Proposed Sustainable Financial Model for the CSU**

**WHEREAS**, the California State Student Association (CSSA) is the single recognized voice of the 460,000 students in the California State University (CSU); and

**WHEREAS**, it is the purpose of CSSA to foster and coordinate communication among campus student organizations to develop unity in addressing campus and statewide issues that affect CSU students and the CSU system; and

**WHEREAS**, CSSA supports shared governance and believes that students should be included in committees and other groups that influence higher education policy, particularly CSU policy; and

**WHEREAS**, it is the mission of the CSU to prepare significant numbers of educated, responsible people to contribute to California's schools, economy, culture, and future as well as to encourage and provide access to an excellent education to all who are prepared for and wish to participate in collegiate study<sup>1</sup>; and

**WHEREAS**, the CSU provides access to higher educational opportunities for low-income and middle-class residents of California through reasonable fees and financial assistance; and

**WHEREAS**, 49% of CSU students receive Pell grants, which are need-based grants for low-income students<sup>2</sup>; and

**WHEREAS**, 77% of CSU students receive some form of financial aid<sup>3</sup>; and

**WHEREAS**, three out of four CSU students work 20 or more hours per week to cope with the current cost of education<sup>4</sup>; and

**WHEREAS**, only 11% of low-income students in the freshman entering class of 2010 graduated from the CSU within four years, compared to 22 percent of non-low income students<sup>5</sup>; and

**WHEREAS**, only 46% of low-income students in the freshman entering class of 2008 graduated from the CSU within six years, compared to 57 percent of non-low income students<sup>6</sup>; and

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<sup>1</sup> "The Mission of the California State University," *California State University*, last modified April 13, 2009, accessed December 4, 2015, <http://www.calstate.edu/explore/missions.shtml>.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*, 27.

<sup>4</sup> *The California State University Fact Book: 2015*, 15.

<sup>5</sup> California Senate Subcommittee on Budget and Fiscal Review, *Subcommittee No. 1 Agenda* (Sacramento: 2015), 14.

<sup>6</sup> *Ibid.*



**WHEREAS**, the large gap in four- and six-year graduation rates between low-income and non-low income students suggests that there are large unmet needs for low-income students; and

**WHEREAS**, most studies show that financial aid improves persistence rates by as much as 10 percentage points and completion rates by at least a few percentage points<sup>7</sup>; and

**WHEREAS**, research suggests that tuition increases deter low-income students from enrolling<sup>8</sup>; and

**WHEREAS**, the practice of tuition discounting—charging different students different prices for the same educational opportunities—is a long-standing technique of private and more recently public higher education institutions; and

**WHEREAS**, discounts to published tuition and fee rates are most often provided to students who are least able to afford paying for school; and

**WHEREAS**, the State University Grant (SUG) tuition discount program was designed to provide critical institutional financial aid to over 131,000 students, or 30% of the CSU system across the 23 campuses, and collectively awards \$644 million to eligible students based on financial need<sup>9</sup>; and

**WHEREAS**, California ranks 47<sup>th</sup> in total revenues from state appropriations and tuition per full-time equivalent (FTE) student<sup>10</sup>; and

**WHEREAS**, the State of California committed to providing affordable, accessible, and quality public higher education through the California Higher Education Master Plan that was adopted in 1960<sup>11</sup>; and

**WHEREAS**, the California Higher Education Master Plan encouraged that the CSU Board of Trustees ensures tuition-free education for California residents<sup>12</sup>;

**WHEREAS**, the CSU Board of Trustees' ability to fulfill that vision requires that the state legislature provides full funding to the CSU system; and

**WHEREAS**, from 2008 to 2012, the CSU lost \$1 billion of state revenue<sup>13</sup>; and

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<sup>7</sup> Hans Johnson, *Making College Possible for Low-Income Students: Grant and Scholarship Aid in California* (San Francisco: Public Policy Institute of California, 2014), 21.

<sup>8</sup> Michael Mitchell and Michael Leachman, *Years of Cuts Threaten to Put college Out of Reach for More Students*, (Washington, DC: Center on Budget and Policy Priorities, 2015), 17.

<sup>9</sup> *Draft Report of the Task Force for a Sustainable Financial Model for the CSU*, (Long Beach: Task Force for a Sustainable Funding Model, 2016), 16.

<sup>10</sup> Colleen Moore, Connie Tan, and Nancy Shulock, *Average Won't Do: Performance Trends in California Higher Education as a Foundation for Action* (Sacramento: Institute for Higher Education Leadership & Policy, 2014), 24.

<sup>11</sup> *A Master Plan for Higher Education in California 1960-1975* (Sacramento: California State Department of Education, 1960).

<sup>12</sup> *Ibid.*, 14.

<sup>13</sup> "CSU Budget Central," *CSU Public Affairs*, accessed January 16, 2016, <http://blogs.calstate.edu/budgetcentral/>.



**WHEREAS**, CSU tuition has increased by 84% over the last decade<sup>14</sup> when tied to inflation<sup>15</sup>; and

**WHEREAS**, while higher revenues from tuition and fee increases may increase access to some eligible students, they may also further inhibit current and future students' access and affordability to a quality education, which is the mission of the California State University; and

**WHEREAS**, increases in tuition and fees will lead to the inability of California residents to access higher education and earn a college degree; and

**WHEREAS**, the California State University (CSU) had faced substantial budget cuts from the state as a result of the 2008 recession which continue to affect the system, including a reduction of \$750 million in 2011-2012 alone, resulting in another tuition increase, raising the cost of undergraduate attendance from \$1,428 in 2001 to an estimated \$5,970 in 2012; and

**WHEREAS**, even with the last three years of increased state support, accounting for inflation, the level of funding per FTE from the State's General Fund for the 2014-15 fiscal year is twenty percentage points less than it was prior to the recession in the 2005-06 fiscal year<sup>16</sup>; and

**WHEREAS**, enrollment demand continues to exceed capacity, which creates a dilemma for the CSU; and

**WHEREAS**, all but 6 of the 23 CSU campuses are considered impacted, meaning that the number of eligible applicants exceeds the available space at a given campus<sup>17</sup>; and

**WHEREAS**, in fall 2014, 30,209 CSU-eligible applicants were denied admission to the CSU<sup>18</sup>; and

**WHEREAS**, from fall 2009 to fall 2014, a total of 139,697 CSU-eligible applicants were denied admission to the CSU<sup>19</sup>; and

**WHEREAS**, denying admission to eligible students or accepting them without the additional or sufficient funds to offer an efficient pathway towards graduation are not acceptable alternatives; and

**WHEREAS**, the Campaign for College Opportunity reports that California ranks 49<sup>th</sup> out of all 50 states in the percentage of adults between 18 and 29 years old enrolled in a four-year university<sup>20</sup>; and

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<sup>14</sup> "Systemwide Average – 10 Year Fee History," *CSU Budget Office*, last modified October 24, 2014, accessed December 4, 2015, <http://www.calstate.edu/budget/student-fees/fee-rates/systemwide-history.shtml>.

<sup>15</sup> "CPI Inflation Calculator," *U.S. Bureau of Labor Statistics*, [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm).

<sup>16</sup> Interpretation of data provided by the Public Policy Institute of California

<sup>17</sup> "CSU Campus Impaction Information 2016-2017," *CSU Student Academic Support*, last modified June 29, 2015, accessed December 6, 2015, <http://www.calstate.edu/sas/impaction-campus-info.shtml>.

<sup>18</sup> California Senate Subcommittee on Budget and Fiscal Review, *Subcommittee No. 1 Agenda*, 14.

<sup>19</sup> *Ibid.*

<sup>20</sup> Daniel Byrd, Rob Shorette, and Michele Siqueiros, *Access Denied: Rising Selectivity at California's Public Universities* (Los Angeles: Campaign for College Opportunity, 2015), 32.



**WHEREAS**, the Public Policy Institute of California (PPIC) has projected that California will be short 1.1 million college graduates by 2030<sup>21</sup>; and

**WHEREAS**, the CSU is proven to be a worthy investment of public funds based on its known contributions to the State:

- The CSU has awarded more than 3 million degrees for the state’s workforce<sup>22</sup>, which makes the CSU a critical player in California’s economic strength and success;
- For every dollar invested in the CSU \$5.43 is returned to California’s economy<sup>23</sup>;
- The CSU sustains more than 150,000 jobs in the state<sup>24</sup>;
- One in ten employees in California is a CSU graduate<sup>25</sup>;
- The CSU awards nearly half of the state’s baccalaureate degrees<sup>26</sup>;
- Ninety-five percent (95%) of all enrolled CSU students come from California<sup>27</sup>; and
- Ninety-two percent (92%) of new undergraduate transfer students come from the California Community College system<sup>28</sup>; and

**WHEREAS**, in October 2014 CSU Chancellor White called for the Task Force for a Sustainable Financial Model for the CSU to set guiding principles that would explore five areas: supporting a quality education, financial effectiveness, resource allocation, managing costs, and revenue<sup>29</sup>; and

**WHEREAS**, the Task Force for a Sustainable Financial Model for the CSU released a draft report in January 2016 that refers to California’s new rainy day savings requirement, and growth in health and human services programs require the CSU and the state to consider new approaches to funding the university<sup>30</sup>; and

**WHEREAS**, this report also includes recommendations to the CSU as follows:

- Evaluate college preparation of incoming freshmen to the CSU<sup>31</sup>,
- Re-direct eligible applicants who are denied admission to an impacted CSU campus to another campus within the system<sup>32</sup>,

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<sup>21</sup> Hans Johnson, Marison Cuellar-Mejia, and Sarah Bohn, *Will California Run Out of College Graduates?* (San Francisco: Public Policy Institute of California, 2015), 1.

<sup>22</sup> *The California State University Fact Book: 2015* (Long Beach: California State University, 2015), 3.

<sup>23</sup> *Ibid.*, 5.

<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.*

<sup>26</sup> *Ibid.*

<sup>27</sup> *Ibid.*, 15.

<sup>28</sup> *Ibid.*

<sup>29</sup> “Draft Task Force Report,” *CSU Taskforce for a Sustainable Financial Model for the CSU*, last modified November 6, 2015, accessed December 7, 2015, <http://www.calstate.edu/financial-future/phases/draft-task-force-report.shtml>.

<sup>30</sup> *Draft Report of the Task Force for a Sustainable Financial Model for the CSU*, 1.

<sup>31</sup> *Ibid.*, 5.

<sup>32</sup> *Ibid.*



- Additional resources to support and engage in research should be sought out<sup>33</sup>,
- Explore the option of more public-private partnerships on campuses<sup>34</sup>,
- Evaluate the structure and cost of health care and retirement programs<sup>35</sup>,
- Evaluate the State University Grant tuition discount program for financial sustainability<sup>36</sup>,
- Consider tying tuition and fee adjustments to inflation<sup>37</sup>, and
- Examine financial aid policies<sup>38</sup>; and

**WHEREAS**, the Taskforce for a Sustainable Financial Model for the CSU has also considered that all students should pay for a portion of their education, regardless of their financial status, as an incentive to timely graduation<sup>39</sup>; and

**WHEREAS**, the Taskforce for a Sustainable Financial Model for the CSU recommends that tuition increases are tied to inflation<sup>40</sup>; and

**WHEREAS**, if tuition were tied to inflation since the last tuition increase for the 2011-12 academic year, tuition would have increased by \$301.58, or a 5.5% increase<sup>41</sup>; so be it

**RESOLVED**, that CSSA commends the CSU Task Force's for considering the role of the California State Legislature in supporting the CSU; and be it further

**RESOLVED**, that CSSA commends supports the CSU Task Force's recommendation to re-direct eligible applicants who are denied admission to an impacted CSU campus to another campus within the system; and be it further

**RESOLVED**, that CSSA supports more year-round course offerings, especially summer session courses, to help reduce course bottlenecks that frequently delay graduation; and be it further

**RESOLVED**, that shared governance and student consultation continue play an integral role throughout the report development and implementation process; and be it further

**RESOLVED**, that CSSA believes that the work done by this task force and subsequent workgroups is critical and will have a strong impact on the CSU student body; and be it further

**RESOLVED**, that CSSA believes it's imperative that students are included in discussions about any changes considered to the tuition and fee policies; and be it further

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<sup>33</sup> Ibid., 7.

<sup>34</sup> Ibid., 11.

<sup>35</sup> Ibid., 16.

<sup>36</sup> Ibid., 17.

<sup>37</sup> Ibid., 22.

<sup>38</sup> Ibid., 27.

<sup>39</sup> Ibid., 5.

<sup>40</sup> Ibid., 23.

<sup>41</sup> Analysis of how much the current tuition rate of \$5472 would have increased from 2011 to 2015 if tied to inflation using the US Census Bureau of Labor Statistics Inflation Calculator



**RESOLVED**, that CSSA is concerned that the proposed funding model implies that the state legislature is relieved of its commitment to fully fund the CSU system as outlined in the Higher Education Master Plan, which may adversely affect the long-term financial stability of the CSU; and be it further

**RESOLVED**, that CSSA objects to the idea that all student should pay a portion of their educational costs as an incentive toward timely graduation, especially give the disproportionate impact this would have on low-income and underrepresented minority students

**RESOLVED**, CSSA believes that increasing tuition should not be a strategy to augment a State budget that does not fully fund the CSU; and be it further

**RESOLVED**, that CSSA believes future changes made to tuition and fee policies need to be particularly considerate of the impact it would have on low-income students and operate under the notion that any increase in tuition and fees is significant; and be it further

**RESOLVED**, that though CSSA understands the need for the CSU to maintain its buying power from tuition revenue that CSSA is strongly opposed to any form of tuition increase as it inevitably has a negative impact on many CSU students who already work long hours to afford the cost of tuition and cost of living; and be it further

**RESOLVED**, that CSSA believes that changes to the SUG program should not result in an overall loss in tuition discounts to CSU students; and be it further

**RESOLVED**, that CSSA acknowledges and appreciates that the state legislature fully funded the CSU's budget request for the 2015-16 fiscal year; and be it further

**RESOLVED**, that CSSA is concerned that this Task Force was created in response to the State Legislature's history of significantly underfunding the CSU to meet its budget request for many years and would only encourage divestment by the state legislature and executive branch continuing into the future; and be it further

**RESOLVED**, that CSSA requests that the California Governor, Assembly, and Senate fulfill the State Legislature's commitment to higher education and the citizens of California by adequately funding the CSU system and preserve the public higher education system's affordability, accessibility, and quality; and be it further

**RESOLVED**, that CSSA requests that the California Governor, Assembly, and Senate work with the CSU to establish a long-term plenary vision for higher education to stabilize CSU funding and ensure the success of the system; and be it finally

**RESOLVED**, that CSSA will make this document public and will forward this resolution to all parties including, all statewide student associations, campus associated students, CA higher education presidents, CSU system-wide and statewide Academic Senates, CSU Board of Trustees, Chancellor Timothy White, the California legislature, the office of the Governor of California, and the local media.