

(Item 17)

ACADEMIC SENATE
of
THE CALIFORNIA STATE UNIVERSITY

AS-2152-93/GA
May 6-7, 1993

RESPONSES TO THE CRISIS FACING CALIFORNIA HIGHER EDUCATION:

SUPPORT FOR A VIGOROUS, EXTENDED, REFORMED, AND STUDENT-CENTERED PROGRAM OF STUDENT FINANCIAL AID FOR ALL STUDENTS ATTENDING THE CALIFORNIA STATE UNIVERSITY

- WHEREAS, A candid and realistic appraisal of the evidence at hand requires the conclusion that California's commitment to generous support for a high quality higher education has been substantially lost and will not be recovered in the reasonably foreseeable future; and
- WHEREAS Without a significant enhancement of the revenues received from students, either the quality of instruction in the California State University will be unacceptably reduced, or access will be artificially and unacceptably reduced as professors are laid off and classes are canceled due to budget reductions; and
- WHEREAS The Trustees of The California State University have responded to this new policy environment by adopting on March 17, 1993, a policy entitled "*Quality and Affordability: Policies for Pricing and Strategies for Paying;*" and
- WHEREAS As part of its broader policy statement, "*Quality and Affordability: Policies for Pricing and Strategies for Paying*" the Board of Trustees of The California State University (CSU) included a section on "*Principles for a Program of Student Financial Aid;*" and
- WHEREAS The listing of principles for a program of student financial aid found in the CSU Trustee's policy statement "*Quality and Affordability: Policies for Pricing and Strategies for Paying;*" includes:
- Establish Institutional Commitment to Student Grant Aid that would involve providing a portion of fee revenues to augment the State University Grant program; providing grants to offset the fee

increase according to a student's family financial position; combining grants and loans to ration limited funds and to "package" aid in accordance with CSU's mission; and assigning priority to first-time freshmen and upper division community college transfers; and

WHEREAS The listing of principles for a program of student financial aid found in the CSU Trustee's policy statement, "*Quality and Affordability: Policies for Pricing and Strategies for Paying*," further includes:

- Reform the State Program of Student Aid to be More Responsive to Student Need, and
- Seek Adequate Funding and Full Eligibility for CSU Students from Federal Programs of Student Aid; and

WHEREAS The listing of principles for a program of student financial aid found in the CSU Trustees' policy statement, "*Quality and Affordability: Policies for Pricing and Strategies for Paying*," also appropriately includes reference to Federal and State Student Loan Programs, and to Deferred Payment Programs whereby students spread fee payments across their term of study; and

WHEREAS Not found in the listing of principles for a program of student financial aid found in the CSU Trustees' policy statement, "*Quality and Affordability: Policies for Pricing and Strategies for Paying*," is any reference to needs for financial assistance that graduate students may have; and

WHEREAS Persons trained at the graduate level are urgently needed in industries of the future, and in the civic, social, and cultural institutions that will help to create and define the conditions for satisfying lives in the future; and

WHEREAS The criterion of assigning priority in the awarding of State University Grants (SUG) to first-time freshmen and upper division community college transfers will substantially reduce the SUG awarded to continuing students in the event that there are insufficient resources to fully fund the SUGs for all eligible students; therefore be it

RESOLVED That the Academic Senate of the California State University endorse the general principles for a program of student financial aid found in the CSU Trustees' policy statement, "*Quality and Affordability: Policies for*

Pricing and Strategies for Paying," but only with the proviso that they be revised to explicitly include appropriate programs of financial aid for graduate students; and be it further

RESOLVED That the Academic Senate CSU urge that financial considerations be the only criterion used to determine eligibility of academically qualified students for a State University Grant such that if there are insufficient funds to meet the needs of all eligible students, reductions be based upon relative financial strength and not on any other criteria such as a student's class level or transfer status.

APPROVED WIITHOUT DISSENT -- May 6, 1993

ITEM # 5 - 1993-94 STATE UNIVERSITY GRANT AWARDING RULES

* Background

Since the State University Fee replaced the Student Service Fee in the Spring 1982 semester, the CSU has funded its State University Grant (SUG) Program in amounts which provide a maximum SUG in an amount equal to each year's fee increase leaving unfunded the original \$210 fee difference. The award was available to any financial aid applicant who was a California resident and who had financial aid eligibility as determined by the financial aid office using federal and state criteria. Therefore, over the years the maximum SUG award to all financially eligible students has been increased by exact amount of the increase in the State University Fee for that year. Thus the current SUG award amount for the 1992-93 year is \$1,098 which is \$210 (the amount of the original gap) less than the current State University Fee of \$1,308.

One would assume, therefore, that with the proposed State University Fee for 1993-94 of \$1,788 for undergraduates and \$2,148 for graduate students; the SUG maximums would be \$1,578 and \$1,938 next year. In fact these are the amounts adopted by the CSU BUT ONLY FOR CERTAIN PROTECTED STUDENTS AND NOT FOR ALL ELIGIBLE STUDENTS. The CSU State University Grant Awarding Policy (AAES 93-20/BA 93-08) provides maximum awards only to those financial aid applicants who are:

- (1) Upper-division transfer students from California Community Colleges,
- (2) First-time freshman,
- (3) Students receiving AFDC, SSI, or General Assistance benefits

All other students will have their SUG award amount reduced or eliminated as a function of their financial need, measured by a calculation of their Expected Family Contribution (EFC). These students include:

- (1) Continuing undergraduates regardless of previous SUG status,
- (2) Lower division transfers even those from underrepresented groups,
- (3) Upper division transfers from other than a California Community College,
- (4) Graduate students even those who previously received a SUG,
- (5) All teacher credential candidates.

Even if these students are otherwise eligible for SUG awards and in spite of the fact that they may have been recipients of the award in prior years they may have reduced or no eligibility in 1993-94.

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The Chancellor's Office may have determined that there simply are insufficient resources to fully fund the State University Grant program for all eligible students. If this is the case, it is my belief and that of all of the CSU financial aid directors that the recommendation of the Chancellor's Financial Aid Advisory Council be adopted. The Council's recommendation provides,

. . . that financial considerations should be the only criteria used to determine the eligibility for a grant. If there are insufficient funds to meet all of the need of eligible students, reductions must be based upon relative financial strength and not on any other criteria. Thus the Council rejected any suggestions that the grant be awarded based upon the student's class level, transfer status, etc.

*** Question of Equity**

The problem of the equity of the proposed policy is obvious but can be best demonstrated by the following hypothetical but not at all unlikely scenarios:

Scenario # 1 Continuing SFSU Independent Student

	1992-93	1993-94	Difference
Dependency Status	Independ.	Independ.	N/A
Marital Status of Parents	N/A	N/A	N/A
Number in Student's Household	One	One	0
Number in College	One	One	0
Adjusted Gross Income	\$16,000	\$16,000	0
Expected Family Contribution	\$ 5,001	\$ 5,001	0
State Univ. Fee Charged	\$ 1,308	\$ 1,788	+ \$ 480
State Univ. Grant Award	\$ 1,098	\$ 0	-\$1,098
Student Fee Responsibility	\$ 210	\$ 1,788	+\$1,578

Scenario # 2 Continuing SFSU Dependent Student (Two Parents)

	1992-93	1993-94	Difference
Dependency Status	Dependent	Dependent	N/A
Marital Status of Parents	Married	Married	N/A
Number in Parent's Household	Five	Five	0
Number in College	One	One	0
Adjusted Gross Income	\$50,500	\$50,500	0
Expected Family Contribution	\$ 5,054	\$ 5,054	0
State Univ. Fee Charged	\$ 1,308	\$ 1,788	+ 480
State Univ. Grant Award	\$ 1,098	\$ 0	-\$1,098
Student Fee Responsibility	\$ 210	\$ 1,788	+\$1,578

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* Question of Equity-continued

Scenario # 3 Continuing SFSU Dependent Student (One Parent)

	1992-93	1993-94	Difference
Dependency Status	Dependent	Dependent	N/A
Marital Status of Parents	Single	Single	N/A
Number in Parent's Household	Three	Three	0
Number in College	One	One	0
Adjusted Gross Income	\$33,000	\$33,000	0
Expected Family Contribution	\$ 2,013	\$ 2,013	0
State Univ. Fee Charged	\$ 1,308	\$ 1,788	+\$ 480
State Univ. Grant Award	\$ 1,098	\$ 1,266	-\$1,098
Student Fee Responsibility	\$ 210	\$ 522	+\$ 312

Scenario # 4 Continuing Dependent Student Versus New Dependent Student (Same Family Size but Different Adjusted Gross Income)

	New Student	Continuing Student	Difference
Dependency Status	Dependent	Dependent	N/A
Marital Status of Parents	Married	Married	N/A
Number in Household	Five	Five	0
Number in College	One	One	0
Adjusted Gross Income	\$65,000	\$51,000	-\$14,000
Expected Family Contrib.	\$10,500	\$ 5,054	-\$ 5,000
State Univ. Fee Charged	\$ 1,788	\$ 1,788	0
State Univ. Grant Awarded	\$ 1,578	\$ 0	-\$ 1,578
Student Fee Responsibility	\$ 210	\$ 1,788	+\$ 1,578

Scenario # 5 Continuing Dependent Student Versus New Dependent Student (From Single Parent Family)

	New Student	Continuing Student	Difference
Dependency Status	Dependent	Dependent	N/A
Marital Status of Parents	Single	Single	N/A
Number in Household	Three	Three	0
Number in College	One	One	0
Adjusted Gross Income	\$65,000	\$40,000	-\$25,000
Expected Family Contrib.	\$10,500	\$ 4,056	-\$ 6,044
State Univ. Fee Charged	\$ 1,788	\$ 1,788	0
State Univ. Grant Awarded	\$ 1,578	\$ 630	-\$ 948
Student Fee Responsibility	\$ 210	\$ 1,158	+\$ 948

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* Question of Equity-continued

Scenario # 6 Continuing Independent Versus New Independent Student

	New Student	Continuing Student	Difference
Dependency Status	Independ.	Independ.	N/A
Marital Status of Parents	N/A	N/A	N/A
Number in Household	One	One	0
Number in College	One	One	0
Adjusted Gross Income	\$30,000	\$15,000	\$15,000
Expected Family Contrib.	\$10,500	\$ 4,500	-\$ 6,000
State Univ. Fee Charged	\$ 1,788	\$ 1,788	0
State Univ. Grant Awarded	\$ 1,578	\$ 630	-\$ 948
Student Fee Responsibility	\$ 210	\$ 1,158	+\$ 948

* Impact at SFSU

The attached chart shows the expected distribution of SUG and SUG eligible students for SFSU next year. As can be seen approximately 50% of our continuing students who are currently eligible for a full State University Grant this year will not get a full grant next year in spite. Fully 37 percent will get less SUG next year than this year in spite of the fee increase. And more than 10 percent will not receive any SUG even though they continue to have need.

* "Bait and Switch"

The integrity of the financial aid programs in the CSU and of the Chancellors' statement about the attention given to providing additional student aid would be seriously questioned by students and families who, after receiving a full State Grant for the 1993-94 year, were awarded a reduced or no grant in 1994-95 when they would be treated as continuing students.

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*** Public Relations**

In spite of the CSU policy which would provide less financial aid for many otherwise needy students, the public relations activities of the CSU give the impression, in both overt and more subtle ways, that the CSU is providing for all needy students and that millions of dollars in extra monies will be available.

Specific examples, with my emphasis added with bold are as follows:

CSU Coded Memo 1993/94 State University Grant Awarding Policy (AAES 93-20/BA 93-08)

"In adopting the operating principles contained in the document, the Board of Trustees approved financial aid awarding policies which will accomplish the following goals:

- * Reaffirm the state's commitment to student financial aid
- * Advance access, choice, and persistence
- * **Target state subsidy for students with the greatest** **financial**
need
- * **Determine state grant eligibility on the basis of the** **family's ability to**
pay.
- * Ensure that the neediest students are informed about **financial aid**
availability.

April Edition of CSU Stateline (page 1)

"Coupled with the new direction is a strong emphasis on financial aid. The fees are expected to generate about \$153 million, and \$45 million of that would go for financial aid for **needy students.**"

Draft Letter from Chancellor sent to Presidents on April 13

"The most essential component of the new policy is sharply increased financial aid, which would be awarded on the basis of a family's ability to contribute to college education."

With this increase, the State University Grants will have gone from \$14.5 million in 1989-90 to almost \$117 million in 1993-94--an increase of 800%.

This further improvement in State University grants will still join with other financial aid increases at various national levels.

Currently more than 100,000 CSU students receive some form of financial aid, and our university focus will intensify around direct grants for those qualified students in greatest need.

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CSU Public Information Packet - Draft

The immediate challenge facing the CSU is . . . 3) To emphasize to all parties that financial aid will be available to students with the greatest financial need. (page 1)

This policy is predicated on higher charges to students, offset by increased financial aid, (page 7)

The California State University is committed to providing financial assistance to all who qualify. (page 10)

This policy is predicated on higher fees to students offset by increased financial aid support, (page 11)

Provision of additional financial aid to mitigate the increased fees becoming a barrier to access will be implemented. (page 12)

The people of California, its legislative leaders, and our university community have been and will be misled by these and other pronouncements from the Chancellor's Office. The facts are quite clear. After more than 10 years of providing increased state grants to each individual needy financial aid recipient equal to the amount of the yearly fee increase, the CSU is reducing its commitment and will not provide each student who otherwise is determined to be financially needy, with the funds to cover the fee increase.