AB 791 (Berman): Improving Cost of Attendance Budgets & Adjustment Policies for Student Success

Co-sponsors: JBAY, Cal State Student Association, The Institute for College Access & Success (TICAS) and UC Student Association

BACKGROUND

Cost of attendance (COA) is a college or university's determination of what a student must pay to attend that institution each year. COA budgets include both tuition and non-tuition expenses like food, housing, transportation, books and supplies, and miscellaneous personal expenses. These budgets are critical to student success because they determine the maximum amount of financial aid students can receive. **If a COA budget underestimates expenses, students may receive a financial aid package that is less than their actual expenses, requiring they cover the difference through support from family, working, private borrowing, reducing enrollment, or even dropping out entirely.** This can disproportionately impact students who may have additional costs and less generational wealth, like low-income students, students with experience in foster care, and student parents.

Higher education institutions set these budgets internally using a methodology that is unique to their campus or system, although institutions typically do not make information about how COA figures are calculated and what assumptions are included, accessible. Regardless of how institutions and systems set their COA budgets, federal authority allows financial aid administrators to make COA adjustments for individual students on a documented case-by-case basis.

Recent research conducted by JBAY found that over half (53%) of colleges and universities in California use COA budgets that are lower than estimated regional costs. In some cases, the gap between a student's estimated living expenses and their maximum financial aid eligibility was more than $10,000. While underestimation occurred across all three systems, this trend was most pronounced among the CSU and UC systems, where 77% and 100% of campuses, respectively, underestimated costs by at least 5%. And while institutions are required to offer an appeals process that allow students to increase their COA and financial aid eligibility, the research found that **nearly two-thirds of institutions did not make their COA adjustment policies publicly available on their websites.** This places undue burden on students to seek out adjustment policies and processes, if they are even aware of them. In addition, there are often arbitrary restrictions imposed on students on allowable adjustments. For example, some colleges would not consider adjustments for housing costs that exceeded their COA budget, leaving students without the necessary financial aid to cover their actual expenses.

THIS PROPOSAL

JBAY proposes to address these issues by requiring that postsecondary institutions in California have accurate and transparent COA budgets and adjustment policies as a condition of participation in the Cal Grant program. Specifically, institutions should:

- Utilize housing costs that represent at least one-half of median rents for a two-bedroom apartment for the California county where the college is located, as published by the U.S. Department of Housing and Urban Development.
- Publish the basis for amounts included in each category within their COA budgets, including data sources used and assumptions made.
- Clearly advertise their policy for making COA adjustments on their website & financial aid award letters.
- Allow adjustments to any student budget expense category included in a college's COA, including housing, food, transportation, books and supplies, and personal expenses.
- Not impose deadlines on when COA adjustments can be requested or restrictions on the number of COA adjustments a student is able to request.
- Require institutions to provide flexibility regarding acceptable documentation of expenses.

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