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## SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

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**Bill No:** AB 710 **Hearing Date:** June 12, 2019  
**Author:** Cervantes  
**Version:** May 23, 2019  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Olgalilia Ramirez

**Subject:** Postsecondary education: cost of attendance: fiscal matters.

### SUMMARY

This bill establishes the Housing Cost of Attendance Act and requires an institution in the California Community Colleges, California State University, or the University of California systems and an independent and private postsecondary institution to use the specified items in its calculation of a full-time student's cost-of-attendance.

### BACKGROUND

Existing *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, § 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 § 1087II).

*Existing state law:*

- 3) Requires the University of California (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. (Education Code § 92670)
- 4) 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 § 92670)
- 5) Requires each campus of the California State University (CSU), and requests each campus of the UC, to annually post on its website information about the market cost of a one-bedroom apartment in the areas surrounding the campus. (EC § 66014.2)
- 6) Requires each institution of higher education with a physical presence in this state to separately list the cost of institutionally operated housing and meal plans on all websites and documents it provides to students for purposes of advertising or otherwise displaying the student costs associated with institutionally operated housing. (EC § 69503.6)
- 7) Requires the Regents of the UC and the Trustees of the CSU 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 § 66028.6)
- 8) 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 § 66028.1)

**ANALYSIS**

This bill establishes the Housing Cost of Attendance Act and requires an institution in the California Community Colleges (CCC), CSU, or the UC systems and an independent and private postsecondary institution to use the specified items in its calculation of a full-time student’s cost-of-attendance. Specifically it:

- 1) Requires institutions in the CCC, CSU or the UC systems, the independent institutions of higher education, and private postsecondary educational institutions to each calculate and include, at a minimum, the following items in a calculation of a full-time student’s cost of attendance at the institution:
  - a) Tuition and fees.
  - b) Allowance for books and supplies.

- c) Room and board.
  - d) Transportation.
  - e) Personal expenses.
- 2) Requires an institution, when determining the amount for room and board to include in a student's cost of living calculation to do all of the following:
- a) Designate a student as one of the following and prepare a cost of housing for the applicable designation:
    - i) Living with family as a dependent.
    - ii) Living on campus.
    - iii) Living independently off campus. This bill requires for a student living independently off campus use the cost of housing for a one bedroom in the community immediately surrounding the institution as established by the Secretary of Housing and Urban Development (HUD) and published on HUD's internet website, as specified in federal law.

## STAFF COMMENTS

- 1) ***Need for the bill.*** According to the bill's sponsors, the California State Student Association (CSSA), "this bill proposes a bold new way for California universities to calculate the total cost of attendance by utilizing HUD data as opposed to outdated survey information, or outdated survey methodology to calculate these figures. Financial aid is critical to student success across all higher education segments in California. At the core of this support is the cost of attendance calculations that is managed by the individual universities and colleges. The total cost of attendance includes federally mandated categories including; tuition, campus based fees, books, supplies, food, transportation, and housing. Many of these costs are controlled by the institutions, such as tuition and fees. However, the institution does not have control over the cost of off-campus housing, but must disclose an annual cost for students." CSSA asserts that the housing costs disclosed by the campuses are inaccurate and do not align with the actual cost of housing near the campuses.
- 2) ***What is Cost of Attendance?*** The Cost of attendance is the amount of total direct and indirect costs to attend college each year. Colleges calculate this figure that estimates the price of college for students and families. The cost of attendance figure is used to help determine state and federal financial aid award amounts. Current law, for purposes of determining financial aid, 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.

3) ***Existing sources of related information.***

- a) *College Navigator*. Existing federal law 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, 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. However, federal statutes do not state *how* the cost of attendance is to be established. <https://nces.ed.gov/collegenavigator/>
- b) *Student Expenses and Resources Survey (SEARS)*. SEARS is 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. Due to budget constraints, the SEARS survey was not conducted between 2006-07 and 2018-19.

The California Student Aid Commission (CSAC) is currently conducting the SEARS, for the first time in over a decade. The survey results will be used to update and improve the estimate for how much the typical student pays annually for books and supplies, technology, housing, food, transportation, medical care, and other expenses while attending college. The CSAC will also report on the sources of funds—such as wages, grants, loans, and money from parents—that students use to pay for all costs of college.

According to the CSAC’s website, the year’s survey has been significantly enhanced to allow more detailed examination of ways that college costs may vary by geographic region as well as by demographic characteristics including gender and race/ethnicity. The survey will generate a higher quantity and quality of data that tells a more complete story of how the state’s diverse student population experiences the economics of college attendance.

- 4) ***How do colleges currently calculate total cost of attendance?*** The California State University and the California community colleges use the SEARS survey conducted by CSAC, mentioned above in this analysis. Some independent colleges and universities rely also on SEARS data, others use the University of California’s (UC) Cost of Attendance survey or development their own methods. The UC derives student budgets from known institutional charges (e.g., tuition and on campus room-and-board charges) and results from the systemwide Cost of Attendance Survey (COAS). The COAS, conducted every three years, provides comprehensive data on UC students’ non-fee expenses including housing costs as well as a standardized basis for calculating student budgets at each campus that reflects local economic conditions and student spending patterns. The 2018-19 student budgets utilized data from the 2016 administration of the COAS.

- 5) ***Fair Market Rent estimated by HUD.*** The U.S. Department of Housing and Urban Development (HUD) annually estimates Fair Market Rents (FMRs) for 530 metropolitan areas and 2,045 nonmetropolitan county FMR areas. This bill requires the use of FMRs as the single measure for calculating the independent living expenses in the determination of cost of attendance. By federal law, the final FMRs must be published and available for use annually. FMRs are primarily used to determine payment standard amounts for public housing assistance programs. Specifically, FMRs represent the estimated amount (base rent + essential utilities) that a property in a given area typically rents. FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. HUD uses three sources of survey data, the Decennial Census, the American Community Surveys and Random digit dialing, to develop its estimates.
- 6) ***Are FMR estimates the appropriate measure of student-housing cost?*** It's unclear whether HUD's methodology for determining housing costs could result in a more accurate measure of what it costs to rent a one-bedroom apartment near campus or whether the new SEARS or University of California's (UC) Cost of Attendance survey comes closer to that goal. Concerns have been raised regarding the appropriateness and accuracy of the existing methodologies and the one suggested. Identifying actual market rents can be challenging and inaccuracies could have financial implications that ultimately influence the net cost of attending college. Seemingly, requiring the use of a uniform measure to calculate costs, as is being proposed with the HUD data, offers consistency in an area where there is wide variance within higher education institutions.
- 7) ***Related legislation.*** SB 467 (Monning, 2019) expands the type of information relative to costs of living off-campus that is currently required to be posted on the website for the California State University (CSU), and requested to be posted on the website of the UC.
- 8) ***Prior legislation.*** AB 1961 (Choi, Chapter 314, 2018) required each institution of higher education with a physical presence in this state to separately list the cost of institutionally operated housing and meal plans on all Web sites and documents it provides to students for purposes of advertising or otherwise displaying the student costs associated with institutionally operated housing.

AB 990 (Rodriguez, Chapter 170, 2017) required each campus of the California State University (CSU), and requested each campus of the University of California (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, 2017) would have required 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 1064 was vetoed by Governor Brown, whose veto message read:

***While I understand the desire to provide students and families with detailed and accurate cost information on all aspects of college attendance, the bill requires too many data points to be collected,***

*analyzed and reported by each campus at no trivial expense. If the Board of Trustees is dissatisfied with the way cost estimates are currently reported to the U.S. Department of Education's College Navigator, then the Board should decide what information is most valuable and how much funding should be allocated to its collection and dissemination.*

**SUPPORT**

California State Student Association (Sponsor)  
John Burton Advocates for Youth  
University California Student Association

**OPPOSITION**

None received

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