



## **Development of a New Commission Policy on Higher Education Affordability: A Set of Principles**

The Commission recognizes that the State has entered a new era of funding for higher education. Student fees have escalated dramatically and the overall cost of attendance, increased levels of debt, and a decline in the buying power of grant aid might be putting higher education beyond the reach of many California families. Therefore, the Commission will develop a financing model for students and families that is based on the concept of overall affordability, rather than on the level of systemwide student charges. In so doing, the Commission has developed a set of principles to guide an “affordability” policy that includes the following elements:

- The State should renew its commitment as articulated in the Master Plan and move toward restoring a higher level of State General Fund support. It should be recognized that large fee increases have generally been a function of diminishing General Fund support.
- Fees should be “frozen” at current-year levels for the next five years, with the State providing the funds that would have been generated by increases in student fees. Such funding is critical to maintaining educational access and quality at the segments
- The Commission has reexamined its policy of “gradual, moderate, and predictable.” It retains the concept that students and families should be able to plan and manage the costs of a higher education, and defines “moderate” as an increase tied to an affordability index that includes indices such as growth in personal income, increases in the consumer price index, or a percentage of the cost of attendance.
- There has been a rapid rise in the level of debt incurred by undergraduate students and their families because of fee increases and the rising costs of going to college, including California’s expensive housing. Financial aid has not kept pace with the rising cost of a higher education. The Commission supports efforts at increasing grant aid through vehicles such as AB 2813.
- The Commission’s affordability policy must recognize the significant “opportunity costs” resulting from rising college expenses. These include, but are not limited to, increases in time to degree, forgone earnings, and the impact on access and college aspirations.
- The Commission reaffirms its prior position that Cal Grants be administered at the campus level. Students would be better served and debt load could be better managed if the State’s Cal Grant programs were decentralized.

Ultimately, the higher cost of education and the lack of sufficient financial aid might present an obstacle for some students who wish to enroll in higher education, an issue that the State must address.