

A New Tuition Policy for the California State University System  
By Barry Pasternack  
Academic Senate CSU Fiscal and Governmental Affairs Committee  
Vice President, CSU Emeritus and Retired Faculty and Staff Association

## I. Introduction

In this paper we investigate the shortcomings of the current undergraduate tuition policy for in-state CSU students and consider a modification that would result in it being more in concert with the constraints posed by state funding and the future needs of the State of California. In particular, we build upon the position paper “Quality and Affordability: Policies for Pricing and Strategies for Paying” that accompanied Executive Order (EO) 1054 (see <http://www.calstate.edu/eo/EO-1054.html>). While EO 1054 has been superseded by EOI 1102 (see <http://www.calstate.edu/eo/EO-1102.html>), these executive orders deal with student fee policies and are broader in scope than considering only tuition. There was nothing in EO 1102 that indicated that the Quality and Affordability position paper accompanying EO 1054 has been superseded.

This paper is divided into four sections. In the next section we examine undergraduate tuition policies currently being used in United States public university systems. In Section III we identify the shortcomings of the current CSU tuition policy. In Section IV we consider a tuition model that is based upon the model predominantly used in public university systems in the United States and show how this model could be adopted by the CSU. We also propose, as a next step in the adoption of a new tuition policy, that a task force be established to develop a tuition model and build support for such a change. Our hope in developing such a model is to establish a fairer way to charge undergraduate student tuition that should also result in students making better enrollment decisions as well as better use of the resources of the CSU.

## II. Current Tuition Schemes Used in US Public Universities

In this section we look at the tuition policies used by state supported public universities in the 50 states. As many states have two systems of public higher education, in total we surveyed the tuition fee structure at 84 four-year public university systems.

The purpose of this study was not to compare the tuition costs of the different public universities, but rather to investigate the approaches used to assess the in-state tuition paid by students attending these institutions. As recommended in the Quality and Affordability paper, “the pricing patterns for California public higher education” should “more nearly mirror the tuition and fee policies of similar institutions across the United States”.

To that end, data for this study was compiled by looking at system websites and recording the tuition charged students during the fall term of 2018. The table in Appendix A lists the systems for which data was collected, the tuition approach used (see below), and the website upon which the data was based.

In cases where the system was comprised of several universities which had different tuition costs, the “main” university upon which the data was based is noted in the link.

Given that the scope of this research was to look at tuition policies, we did not consider “fees” the student would have to pay. In some cases there may be very little difference between what a university considers tuition and what it considered fees, but generally, tuition corresponds to the direct cost of providing instruction to students. As Appendix A shows, the amount charged for tuition is typically based upon the number of units the student is enrolled in.

Many universities distinguish between a “full-time” student and a “part-time” student. While the threshold for demarcating these two classes of students can vary from institution to institution, in general the line falls somewhere between 12 and 15 units. If a student takes 15 units a semester s/he will complete a 120 unit degree in four years. 12 units, however appears to be the more frequently used demarcation as this is the minimum number of units a student needs to enroll in to qualify for a federal Pell grant. It is common for a system to allow a student to enroll in more than 12 units at no additional cost, however some systems do impose an additional fee if the number of units the student enrolls in exceeds a certain threshold. This is noted in the Appendix.

For the majority of states we identified two systems of public higher education – “University of *State*” and “*State* University” (e.g. University of California and California State University), however some states only have one system. In the case of New York, as there is only one state system, we looked at both the State of New York system (SUNY) and the City of New York system (CUNY). We classified the tuition systems used by the public universities as follows:

**A1** – Part-time tuition is exactly proportional to the number of units taken

**A2** – Part-time tuition is related to the number of units taken

**A3** – Both full- and part-time are exactly proportional to the number of units taken

**A4** – Part-time tuition consists of a fixed plus incremental cost

**B** – There is a range over which student tuition is constant

**C<sub>x</sub>** – Students pay additional tuition if they exceed more than x units

**D** – Tuition is based on a two-tiered system (e.g. if a student enrolls in 6 or fewer units s/he pays \$X, if a student enrolls in 7 or more units s/he pays \$Y)

**E** – There is an excess unit fee imposed if a student attempts substantially more (e.g. 150%) units than the number required for the degree`

**G** – There is a tuition guarantee program

**L** – There is a difference in cost between upper and lower division courses

It is worth noting what these classifications mean. In comparing tuition plans indicated by **A1**, **A2**, **A3**, and **A4**, for systems using an A1 approach, the tuition paid by part time students increases at the same rate as the number of units a student has enrolled in. **The majority of the systems investigated (55) are using an A1 approach.** In systems following the A2 approach, the tuition rises as the number of units a student enrolls in, but not at the same rate. In systems following an A3 approach, the tuition for all students (not just part-time students) increases at the same rate as the number of units the student

enrolls in. And for systems following the A4 model, costs are based on a fixed plus incremental model. One rationale for this approach is that it does not matter if a student takes 3 units or 9 units, the campus will still need a library, health center, etc. Hence, while the cost of providing direct instruction may change based on the number of units the student enrolls in, these other costs will probably not change greatly.

Classification **B** indicates that for some range of units there will be no change in the tuition charged. This approach is frequently used at systems for which enrolling in 12 units is considered full-time, but there is no additional charge if a student enrolls in some number of units greater than 12. For example, the University of Alabama charges students the same tuition if they enroll in 12, 13, 14, 15, or 16 units.

The classification **C<sub>x</sub>** indicates that students will have to pay additional tuition if they enroll in more than X units.

Classification **D** designates a two-tiered tuition system where a student pays \$X if s/he enrolls in u or fewer units and \$Y if they take more than u units. This is the system currently used by five systems: the CSU, the UC, both Arizona systems, and the University of Georgia. The principal drawbacks to this system are its unfairness to part-time students who may also have job or family obligations that limit the number of units a student can successfully complete and the fact that such a system will encourage students to enroll in either too many or too few units (see below).

The **E** designation is used when the system imposes additional fees on students taking more than a certain number of units in a term. The **G** designation notes that the system has a tuition guarantee program in effect. Typically that means that the tuition cost will either stay the same while the student is at the university or the increase will be a known modest amount. Some systems have a different charge for upper and lower division courses. The reason for this differentiation is that lower division classes typically have more students in the class and are therefore less expensive to offer. Such systems are designated by **L**.

### III. The Shortcomings of the Current CSU Tuition Policy

Explicitly charging undergraduate in-state tuition is a relatively recent policy for the CSU. Up until a few years ago, tuition was simply one of the fees paid by students to the university. In fact, as noted in the Quality and Affordability paper, the California Education Code (Section 89703) used to limit in-state tuition to \$25 per year. Of course, whether the money paid by students is called “tuition” or “fees”, does not change the fact that students had to pay money to attend classes. However, when compared to most other public universities in the US, the amount charged students to attend one of the 23 campuses of the CSU has been quite low. Impacting these costs, however, is the relatively high cost of living in California, as well as the need for many students to hold jobs to cover expenses such as room, board, course materials (e.g. textbooks), and campus specific fees (e.g. health center fees, recreation fees, associated student fees, and student success fees).

For example, at CSU Fullerton, one of the larger campuses in terms of student enrollment, the tuition for the spring 2019 semester was \$1,665.00 for a student enrolling in 6 or fewer units. Adding to this cost

was a \$2.00 student representation fee as well as \$574.28 in campus-based fees, bringing the total cost to \$2,243.28. For students enrolling in 7 or more units, the tuition was \$2,871.00 while the additional campus and representation fees remained at \$576.28, bringing the total *semester* cost to \$3,447.68 or \$6,895.36 per year.

While the 23 campuses of the CSU charge identical tuition costs, the campus-based fees may vary. For Cal Poly SLO, one of a handful of campuses that was operating on the quarter system, the total cost for tuition and campus specific fees was \$3,177.00 per quarter or \$9,531 per year for a student attending on a full-time basis. These were the highest totals in the CSU system.

Perhaps the major shortcoming of the tuition system currently in use by the CSU is the impact it has on part-time students. Because many of the students attending the CSU have jobs and family commitments, it may not be possible for a student to attend the university on a full-time basis and taking classes on a part-time basis can result in the student facing an enrollment dilemma. To illustrate, consider a student at CSU Fullerton who, due to outside time constraints, should be enrolling in nine units a semester. The tuition cost for the student enrolling in nine units would be \$2,871.00. However, if the student were to only enroll in six units the tuition cost would be \$1,665.00. That is, the student would pay \$1,206.00 ( $=\$2,871 - \$1,665$ ) for the additional three units. Thus, on a per unit basis, the student pays significantly more than if only taking 6 units. Alternatively, the student may decide since s/he is paying for taking 7 units or more, s/he should try to initially enroll in 15 units and decide before the census date (the last date the student can drop classes without any academic penalty), which, if any classes, to drop. The problem from the standpoint of the institution is that it may not be possible to get other students to enroll in these classes at that late date and, even if another student could be found to take this student's place, missing the first two or more weeks of the term can result in a student having difficulty in the class. In this case, students who could have benefited from taking the course may find no class sections available and, as a result, have their graduation delayed.

Alternatively, this student may decide it is not worth the additional cost of \$1,206 for the additional three-unit class and choose to only enroll in six units. Assuming a 120-unit degree, this would mean that the student will take 20 semesters ( $=120/6$ ) or ten years to graduate. Had the student enrolled in nine units per semester, s/he would be able to graduate in seven years.

For the student who would only like to take three units per term, the financial penalty is even more daunting. This student will end up paying twice the amount of tuition as the student who takes six units per semester due to the extra time it will take for the student to complete the degree. The time to degree is important for two reasons. First, a student will typically have limited income while s/he is earning a degree as compared to what a student who has a degree would earn. Second, the campus-based fees are independent of the number of units the student is taking and can substantially increase the total cost of the student's college education.

For these reasons, moving to a per unit tuition cost is far more equitable to students who pay tuition and are trying to enroll in courses that make sense within their time constraints. While one of the recommendations listed in the Quality and Affordability paper is to continue fee structures that

differentiate for part-time and full-time study, the problem with the current CSU tuition policy is that the method of differentiation is rather Draconian from the standpoint of many part-time students.

One fact that might mitigate the unfairness of the CSU tuition policy is that the majority of students do not pay any tuition. As reported in “Agenda Item 3 for the Committee on Educational Policy, January 22-23, 2019”, 59% of all CSU students in the 2017-18 academic year had their tuition costs fully paid by non-loan aid in the form of grants, scholarships or waivers. While these students may not be impacted by the current CSU tuition policy, 41% of the students in the CSU are impacted and due to the size of our student body, this is a large number of students (roughly 180,000).

IV. The Impact of the Policy of Charging Student Tuition by the Unit and Next Steps

In this section we look at the possible impact on tuition revenue if the tuition policy is changed and consider the next steps that should be taken in this area. Using enrollment data provided by the CSU Chancellor’s Office for fall 2018, we analyzed the tuition revenue based on the current tuition policy. In doing this, we did not adjust the tuition revenue by reducing the amount of revenue to account for the 59% of students who paid no tuition as we do not know what tuition amount would have been paid by these students.

Table 1 shows the frequency of the student enrollment data for this period.

Units	Frequency
0.5	1
1-1.9	722
2-2.9	453
3-3.9	7,734
4-4.9	3,336
5-5.9	1,453
6	25,963
6.1-6.9	10
7-7.9	4,573
8-8.9	5,816
9-9.9	26,684
10-10.9	9,725
11-11.9	6,884
12	110,604
12.1-12.9	184
13-13.9	55,596
14-14.9	40,479
15+	180,993
Total	481,210

Table 1

Based on the current fee policy, \$ 1,333,721,538.00 would have been collected in student tuition (neglecting the fact that 59% of students paid no tuition). As we did not have frequencies for the exact number of units the students in these ranges enrolled in, we assumed that the number of units were at the lower end of each range (e.g. for the range 7 – 7.9 units, we assumed the 4.573 students enrolled in 7 units).

To obtain a cost per unit that would vary in proportion to the number of units enrolled in for students taking 12 or fewer units (with a maximum tuition set at the fee for 12 units), we calculated the total number of units taken by these students and divided that into \$ 1,333,721,538.00. Based on this data we found that the students enrolled in 5,347,219 units for which they would be charged tuition. Dividing \$ 1,333,721,538.00 by 5,347,219 gives a per unit tuition cost of approximately \$250. That is, if the CSU charged a tuition fee of \$250 per unit for 12 units or less and a fee of \$3,000 for more than 12 units, the amount of tuition collected by the CSU would be nearly identical to its current tuition revenue.

The effect of this tuition policy would be that students taking 11 units or less would pay less than the current tuition amount, while students taking 12 or more units would pay \$129 per term (\$3,000 - \$2871) more than the current amount. Because we looked the entire system and not individual campuses, we note that the fiscal effects will differ for each campus. Such differences could, if necessary, be mitigated by a transfer of funds from campuses that are taking in greater amounts to campuses taking in lesser amounts. It is difficult to predict which campuses these might be because the change in the fee structure will almost certainly impact the number of units that students enroll in. In the short-term, if the net effect of this is that students enroll in fewer units, campuses may be able to increase their head count without the need to build more facilities. Additional policy changes such as those used in Texas whereby students get a rebate if they graduate with close to the number of units required for the degree could also be used to “encourage” students to make good use of the CSU academic resources.

In order to get “buy in” to this proposed tuition change, we advocate for creating a task force made up of student, faculty, and administrative representatives. The purpose of the task force would be to consider other possible modifications in the tuition policy (e.g. adopting incentives such as those in the Texas system which give students a “reward” for graduating with the number of units that is close to the number required for the degree. We also envision the task force could serve as a resource in explaining the benefits to students of a change in the CSU tuition policy that better aligns with the policy of other public university systems.

Appendix A. Tuition Policies at U.S. Public University Systems, Fall 2018 (see [https://www.csuerfsa.org/images/pdfs/Pasternack\\_Appendix\\_US\\_states\\_tuition-1.pdf](https://www.csuerfsa.org/images/pdfs/Pasternack_Appendix_US_states_tuition-1.pdf))