Clinton's Tuition Free Proposal:
Would it Work and What Would it Mean in California?

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"I KIND OF RUINED MY LIFE BY GOING TO COLLEGE."

JACKIE KROWN, 32, PORTLAND, OREGON
$152,000 IN STUDENT DEBT

42 million people owe $1.3 trillion in student debt.

How we made this mess, who's to blame, and what you can do about it.

She's so, so close to being debt free.

Jessica Elberfeld, 26, has paid down more than $100,000 of her student loans since she graduated college seven years ago and she'll be completely done paying them off by the end of the year.

She borrowed a lot more than most people do for a bachelor's degree. But Elberfeld is also paying it down faster than those with less -- and it's not because she's making a ton of money.

Elberfeld admits she didn't feel the gravity of the situation when she borrowed the money. A lot of college-aged kids don't. Taking out loans seemed like a necessary evil in order to get her degree. She didn't get much scholarship money or qualify for financial aid, so she alone was responsible for paying for her education.

The average undergraduate borrower leaves school with $29,440 in student loans. But Elberfeld took out a total of $69,500. With interest, the total she owed climbed into six-figure territory.
$120,000!
Student loan debt of graduating seniors, 2011-12

No loans, 31.0%

<$6K, 5.5%

$6K-$15K, 11.9%

$15K-$25K, 15.1%

$25K-$35K, 15.2%

$35K-$50K, 12.6%

$50K-$75K, 7.0%

$75K-$99,999, 1.3%

>=$100K, 0.5%

Median debt: $26,500 (for those who borrowed)

$182/month in payments

Borrowing has decreased since 2011-12

NPSAS:2012
## What do students really pay for college?

Data from 2011-12 (tuition increased ~18% from 2011-12 to 2015-16)

### 4-year public universities

<table>
<thead>
<tr>
<th>Income</th>
<th>Median tuition</th>
<th>Median net tuition</th>
<th>Net tuition &lt;$3,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $85,000</td>
<td>$7,234</td>
<td>$930</td>
<td>63%</td>
</tr>
<tr>
<td>$85,000 - $125,000</td>
<td>$7,902</td>
<td>$6,566</td>
<td>21%</td>
</tr>
<tr>
<td>$125,000+</td>
<td>$8,258</td>
<td>$6,926</td>
<td>19%</td>
</tr>
<tr>
<td>All</td>
<td>$7,452</td>
<td>$3,846</td>
<td>46%</td>
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</tbody>
</table>

### Community colleges

<table>
<thead>
<tr>
<th>Income</th>
<th>Median tuition</th>
<th>Median net tuition</th>
<th>Net tuition &lt;$1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $85,000</td>
<td>$2,730</td>
<td>$0</td>
<td>69%</td>
</tr>
<tr>
<td>$85,000 - $125,000</td>
<td>$2,730</td>
<td>$2,241</td>
<td>25%</td>
</tr>
<tr>
<td>$125,000+</td>
<td>$2,673</td>
<td>$2,208</td>
<td>27%</td>
</tr>
<tr>
<td>All</td>
<td>$2,730</td>
<td>$372</td>
<td>58%</td>
</tr>
</tbody>
</table>

Full-time, dependent, in-state students

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NPSAS:2012
The “New College Compact”?

- Potential for huge consumer surplus – little evidence wealthier students are priced out of college or cutting interest rates will impact access or completion
- Estimated cost of $50B/year – what is the opportunity cost?
  - Expand Pell – a successfully targeted program – to provide full COA?
    - ~$30B would cover all unmet need for all dependent students in public institutions with family income <$65,000
    - ~$35B would cover all unmet need for all community college students
  - ~$10B would expand TRIO programs to serve all eligible students
- What’s good?
  - Simplify FAFSA; easier ICR; demo projects for boot camps, etc.; strengthen Gainful Employment
California vs. the nation – tuition and grant aid

- CC tuition: $3,520
- CSU tuition: $8,340
- UC tuition: $10,510
- State need grants per undergraduate: $573

- U.S. tuition
- California tuition

College Board, NASSGAP
California vs. the nation – net price and grad rates

Net TFRB

<table>
<thead>
<tr>
<th>Institution</th>
<th>U.S.</th>
<th>California</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berkeley CC</td>
<td>$7,310</td>
<td>$8,447</td>
</tr>
<tr>
<td>SFSU</td>
<td>$13,10</td>
<td>$12,941</td>
</tr>
<tr>
<td>UC Berkeley</td>
<td>$16,601</td>
<td>$13,310</td>
</tr>
</tbody>
</table>

150% grad rates

<table>
<thead>
<tr>
<th>Institution</th>
<th>U.S.</th>
<th>California</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berkeley CC</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>SFSU</td>
<td>62%</td>
<td>51%</td>
</tr>
<tr>
<td>UC Berkeley</td>
<td>89%</td>
<td>92%</td>
</tr>
</tbody>
</table>

College Board, NCES