

HIGHER EDUCATION: ANSWERS TO FREQUENTLY ASKED QUESTIONS

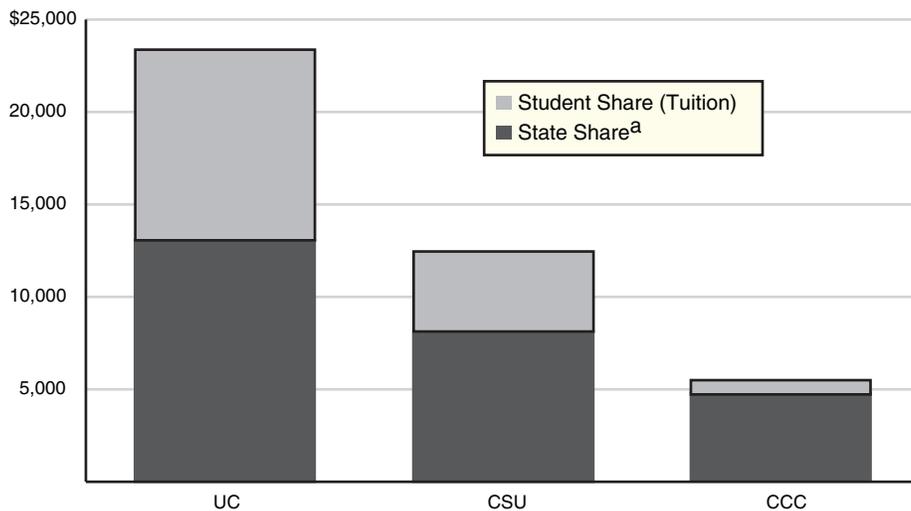
Who Pays Education Costs at California’s Public Colleges and Universities?



Student Fees Cover Growing Share of Education Costs

- There are many different ways to calculate the cost of education. For our analysis, we consider revenues from systemwide education-related tuition and fees and state-directed funds to reflect total educational costs.
- For 2010-11, the systemwide resident undergraduate fee at the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC) covered 44 percent, 35 percent, and 14 percent, respectively, of each system’s average operating cost per undergraduate student (see figure below). With recent tuition increases and state funding cuts, these shares are expected to reach 55 percent, 46 percent, and 20 percent, respectively, for 2011-12.
- Because they do not account for facilities costs, these figures actually over-state the share students pay. Facilities costs, which are difficult to calculate, can add roughly 20 percent to the annual cost of education.

Average Cost Per Full-Time Equivalent Undergraduate Student, 2010-11



^a State share includes General Fund, federal stimulus funds allocated by the state, Lottery Education Fund and Local property tax revenues.

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Many Students Do Not Pay Education Fees

- While higher-income students pay education fees (unless they receive a scholarship), most lower-income students do not pay education fees.
- Nearly half of all undergraduates at California's public colleges and universities receive grants or waivers that fully cover education fees. Most of these grant and waiver recipients are low- and middle-income students.
- Middle-income students at UC, CSU, and CCC who do not receive grants or waivers to cover their education fees may claim the federal American Opportunity or Lifetime Learning tax credits.
 - The American Opportunity Tax Credit (AOTC) allows students with family incomes up to \$180,000 to subtract all or a portion of their educational expenses, up to \$2,500, from their families' tax liability. If their families have low or no tax liability, they can recover up to \$1,000 of their educational costs from the federal government.
 - Many families claim the AOTC. For example, CSU officials estimate that 39 percent of CSU families received about \$270 million from this credit in 2009, averaging close to \$2,000 per student.