Objective Statement
Proposal to Implement the Cal Poly Opportunity Fee

Summary
On January 23, 2018, The Office of University Diversity and Inclusivity presented to the Campus Fee Advisory Committee (CFAC) a proposal to implement a mandatory Cal Poly Opportunity Fee (CPOF). The primary purpose of the proposed fee increase is to provide financial support for the Cal Poly Opportunity Grant (CPOG) program. The fee would be assessed on all newly enrolled out-of-state students starting in Fall 2018 — all current students would be exempt from the fee.

As proposed, incoming out-of-state students in Fall 2018 would pay an additional $2,010 a year and continue to pay the same annual fee during their undergraduate tenure at Cal Poly. Each subsequent incoming class of out-of-state students will pay an increased amount until the 2021 class (when the fee is fully phased in) as follows:

- Incoming Fall 2018 Class: $2,010 ($670/quarter)
- Incoming Fall 2019 Class: $4,020 ($1,340/quarter)
- Incoming Fall 2020 Class: $6,030 ($2,010/quarter)
- Incoming Fall 2021 Class: $8,040 ($2,680/quarter)

The proposal includes a provision allowing for the yearly increase to be adjusted up to $2,700 per year, if needed, to fund the Cal Poly Opportunity Grant and will not be subject to the Higher Education Price Index (HEPI). The combination of total tuition and the Cal Poly Opportunity Fee for out-of-state students would never exceed 90 percent of the comparable tuition and fees at a UC.

In addition, the percentage of out-of-state students admitted to Cal Poly will continue to be capped at 15 percent, which is the current level. This fee would be in addition to the per unit out-of-state rate as set by the CSU Board of Trustees. Current matriculated out-of-state students would continue to pay the current CSU per unit rate and would not be subject to the CPOF.

This fee is classified as a Category II fee, a campus mandatory fee. Category II fees are “fees that must be paid to enroll in or attend the university.” In accordance with the Education Code and Executive Order 1102, this fee proposal is subject to either an advisory student referendum or an alternative consultation mechanism. CFAC should advise on the mechanism with which to go forward. Either method is advisory to the President. Based on a request by the President, CFAC has approved a process of alternative consultation to solicit student input.

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1 Executive Order No. 1102
**Background**

While Cal Poly presently costs less than a UC or private university, it is the most expensive public university in California for the students who are in greatest need of financial aid. In other words, highly qualified, low-income California resident applicants who are offered admission often cannot afford to attend Cal Poly.

Over the past few decades, Cal Poly students have been an integral part in the decision-making process of incorporating multiple fees to support the hands-on pedagogy for which our campus is known. Unfortunately, in so doing, they (nor the university) did not build financial aid into the fee structures. The State University Grant, or Cal Grant A / B, covers only the state tuition/fee and does not cover campus-based fees. Federal Pell grants can help, but the maximum amount available does not cover the campus fees and room-and-board costs for lower-income students. In addition to the fees, the combination of Cal Poly’s “high-cost majors,” the Learn by Doing pedagogy and the limited financial aid available means that it is cheaper for students from low-income families to attend any other public university in California than to attend Cal Poly.

The following comparison displays the difference between university tuition/fees and financial aid for universities within the University of California and the California State University for fiscal year 2016-17. The gap between tuition/fees and financial aid is larger at Cal Poly San Luis Obispo than any other UC or CSU.
The Expected Family Contribution (EFC) is based on a federal formula that uses a family’s income, assets and benefits to determine a family’s ability to assist with their student’s educational expenses and how much and what types of financial aid a student is eligible to receive. The graph below represents the Expected Family Contribution for entering freshmen (FR) and transfer students to cover total cost of attendance by ethnic group. The total number of students in Fall 2017 in this population totaled 1,526.

![Graph: Expected Family Contribution for FR and Transfer Students by Ethnic Group and EFC](image)

**$0$ EFC=497 students  $0$-$4k$ EFC=514 students  $4$-$8k$ EFC=272 students  $8$-$12k$ EFC=243 students

**Purpose of the Cal Poly Opportunity Fee**

The primary purpose of the proposed CPOF is to provide increased access and retention of California low-income students by providing enhanced financial aid support through the Cal Poly Opportunity Grant Program.

The ultimate goal of the Cal Poly Opportunity Grant when fully implemented will be to provide full financial aid for all campus fees for California resident undergraduate students with an estimated family contribution of less than 50% of the cost of attendance for a California resident. The amount of the grant will take into account grants given for campus fees that already include a financial aid component. Initially, the CPOG will focus on low-income California residents with Expected Family Contribution (EFC) of <$4,000 in STEM and other high-impact majors providing the greatest career opportunities for students and California’s economy.

The primary purpose of the CPOG is to recruit and retain high-achieving low-income California resident undergraduate students and eliminate the achievement gap experienced by these students as soon as feasible (target date – 2025). Consideration will also be given
to the potential for donors (individuals and companies that will contribute to CPOG), thus allowing benefits to flow to more students. All students receiving the CPOG will be required to live in university housing for their first and second years at Cal Poly unless an exemption is approved. AB 540 students will be eligible to receive the CPOG.

As fee revenue increases, the CPOG will be extended to all California resident undergraduate students with EFC <$4,000. The next phase will be majors for California resident undergraduate students with EFC <$8,000. Phase in will continue, as funds permit, until we provide full financial aid for all campus fees for California resident undergraduate students with an estimated family contribution of less than 50% of the cost of attendance for a California resident.

Undergraduates are no longer eligible for the CPOG once a single degree is awarded or a student exceeds 200 units. Exemptions may be allowed for students enrolled in 4+1 masters programs or continuing credential programs. New entering graduate or credential students will not be eligible for the CPOG unless non-general funds separate of the CPOF are available.

**Use of Cal Poly Opportunity Fee**

Out-of-state students do not contribute to the tax base and therefore pay a higher amount to attend Cal Poly and other public universities. For Fall 2017, approximately 8% of non-resident students were Pell eligible and 20% were not Pell eligible but eligible for need-based loans. The remaining 72% of students did not qualify for need-based financial aid.

Cal Poly is a high-value university which is $22,500 below the UC in the market. This is derived from lower residential and nonresidential tuition as well as room and board. (Cal Poly room and board is similar to the average for the CSU and $2,000 lower than the average for the UC.)

The graph below shows Cal Poly’s position in the market across the most populous states. The data is derived from an annual calculation by the state of Texas. They base their nonresidential tuition on the average of the states noted.

<table>
<thead>
<tr>
<th>State or CA University</th>
<th>Non-Resident Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
<td>$25,000</td>
</tr>
<tr>
<td>FL</td>
<td>$20,000</td>
</tr>
<tr>
<td>IL</td>
<td>$15,000</td>
</tr>
<tr>
<td>NY</td>
<td>$10,000</td>
</tr>
<tr>
<td>PA</td>
<td>$5,000</td>
</tr>
<tr>
<td>UC</td>
<td>$30,000</td>
</tr>
<tr>
<td>Cal Poly</td>
<td>$22,500</td>
</tr>
<tr>
<td>Average</td>
<td>$20,000</td>
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</tbody>
</table>

Comparison of NonResident Tuition (2016-17) from Various States and California Public Universities
Cal Poly's market value provides this campus the opportunity to implement a proposed fee increase. 15% of gross revenue will be returned to the CSU Chancellor's Office to seed additional programs similar to CPOG at scale across the system.

The remaining balance will be distributed as follows:

50% - Cal Poly Opportunity Grant
25% - Support services for students receiving the CPOG
25% - Cal Poly (pending annual budget conditions, additional support may be provided to the CPOG with an emphasis on enhancing CPOG and support in early years during the phase-in period)

Exhibit A provides an estimated summary of the estimated revenue from the proposed CPOF and proposed distribution as described above after the 15% set aside for CSU students.

Exhibit B provides an estimate of the number of students served by the proposed Cal Poly Opportunity Grant. For example, in year one, 149 students are estimated to be served; year two, 432 students; year three, 871 and so on.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cal Poly Opportunity Fee</th>
<th>Cal Poly Enrollment, Head Count</th>
<th>Cal Poly Opportunity Fee</th>
<th>CO Set Aside</th>
<th>CPOF After CO Set Aside</th>
<th>Cal Poly Aid</th>
<th>Low Income Aid</th>
<th>Cal Poly Number of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2,010</td>
<td>$21,800</td>
<td>$1,643,175</td>
<td>$246,476</td>
<td>$1,396,699</td>
<td>$698,349</td>
<td>$349,175</td>
<td>149</td>
</tr>
<tr>
<td>2019</td>
<td>$2,010</td>
<td>$21,300</td>
<td>$1,643,175</td>
<td>$246,476</td>
<td>$1,396,699</td>
<td>$2,063,014</td>
<td>$1,031,507</td>
<td>$2,055,005</td>
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<td>2020</td>
<td>$2,010</td>
<td>$21,300</td>
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<td>2021</td>
<td>$2,010</td>
<td>$21,300</td>
<td>$1,643,175</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
<th>Cal Poly Opportunity</th>
<th>Aid for Cal Poly</th>
<th>Number of Students</th>
</tr>
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<tbody>
<tr>
<td>2018</td>
<td>$1,643,175</td>
<td>$698,349</td>
<td>$4,682</td>
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<tr>
<td>2019</td>
<td>$4,854,150</td>
<td>$2,063,014</td>
<td>$4,775</td>
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<tr>
<td>2020</td>
<td>$9,670,613</td>
<td>$4,110,010</td>
<td>$4,720</td>
<td>871</td>
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<tr>
<td>2021</td>
<td>$16,092,563</td>
<td>$6,839,339</td>
<td>$4,703</td>
<td>1,454</td>
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<tr>
<td>2022</td>
<td>$20,871,338</td>
<td>$8,870,318</td>
<td>$4,654</td>
<td>1,906</td>
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<tr>
<td>2023</td>
<td>$24,142,613</td>
<td>$10,260,610</td>
<td>$4,610</td>
<td>2,226</td>
</tr>
</tbody>
</table>

1) Assumes 94% retention first year and 92% year two and after

**Governance and Review**

Funds designated for support services for students receiving the CPOG will be reviewed by an advisory committee to be composed of students, faculty and staff. ASI and the Academic Senate will advise the President regarding appointments to the committee. A student representative of CPOG recipients and out-of-state students should be included on the committee. The committee will be co-chaired by the ASI President and Senior Vice President for Administration and Finance.
The Cal Poly President shall provide an annual report on CPOF revenue and CPOG disbursements to the advisory committee, Cal Poly Campus Advisory Council and the Chancellor.

The program will be reviewed by the Chancellor no earlier than Fall 2023 to determine the effectiveness of the CPOF and CPOG in meeting the desired goals.
Pro & Con Statements

The following are pro and con statements submitted by students about the proposed Cal Poly Opportunity Fee:

Pro Statement
Education is perhaps the most essential institution that exists in modernized society. Therefore, access to education is an important issue we are presented with and must address. As a California public university, it is Cal Poly’s responsibility to further promote low-income students’ access to a quality education for a reasonable price. The Cal Poly Opportunity Fee does just that; help relieve the burden of the price of attending college for low-income students.

The CPOG may increase the price of attendance for out-of-state students, but prioritizes the people Cal Poly was meant to serve first: California residents. Non-resident students who choose to attend Cal Poly do so with the expectation of paying a higher price compared to that of their own public universities. Cal Poly will always have the demand to fill the 15% of student demographic with non-resident students.

Giving low-income students the ability to succeed, especially in impacted majors, fosters a better, more diverse Cal Poly. It creates a Cal Poly where the contribution of individuals’ backgrounds and ideas helps to further progress society. As an academically motivated student who has gone through the struggle of being in a low-income family, having the ability to further my education and one day become a contributing member of society was, and is, the most important contributing factor to my success.

Shane Alayvilla
Electrical Engineering, College of Engineering

Con Statement
As an out-of-state student, my college decision was a tough one. I chose to come to Cal Poly because I knew it would challenge me more and cause me to grow as an individual more than the other schools I had applied to. The one thing that made coming to Cal Poly a reasonable decision was that it doesn’t cost an absurd amount for out-of-state tuition.

I agree with everything that the Cal Poly Opportunity Grant is trying to achieve, but I don’t support the vehicle for funding it. Despite what the surveys have shown, I strongly believe that an eventual increase in out-of-state tuition of over $8000 will cause a significant decrease in out-of-state enrollment. This is going to render the grant much less effective than has been planned and proposed. I strongly believe that for a large proportion of the out-of-state students that are currently attending Cal Poly, if they were faced with a tuition increase of over $8000, they would have chosen an in-state school, myself included.

Paying for college as an out-of-state student is difficult enough, and asking out-of-state students to subsidize the education of low-income in-state students doesn’t sit well with me. I believe there are other avenues available to fund a grant like this. Even if in-state students paid just $50 a year into the fee, and out-of-state students paid $2000 a year into the fee that alone would generate approximately 7.5 million dollars.

This is a wonderful grant with a wonderful mission, but the funding structure is going to be unstable from year to year, and it will cause a decrease in out-of-state enrollment which the grant depends on for funding.

Ethan James Alexander
Mathematics BS