

## **Objective Statement**

### **The Cal Poly College Based Fee Student Aid and Learn by Doing Plan**

#### **Summary**

Cal Poly is a comprehensive polytechnic university – a destination campus with a statewide mission to deliver equitable access to its education for all qualified Californians. Cal Poly has built a reputation of excellence over the years through a focus on student success and our signature Learn by Doing pedagogy. However, Cal Poly is not equitably accessible to all qualified Californians and is also chronically underfunded given the nature of our pedagogical and polytechnic ethos.

Cal Poly is a proud member of the California State University. However, our main competitor for students is the University of California (UC). For students who rely on financial aid to attend college, Cal Poly is one of, if not the most expensive public universities in California in terms of out-of-pocket costs. Although Cal Poly's annual "sticker price" is approximately \$5,000 lower than the price of attending a UC campus, our effective price—how much students actually pay once financial aid is considered—is \$2,000-4,000 higher than the UC. The result is that lower-income, California-resident students are less likely to apply to or attend Cal Poly than a UC. As one indicator of the scale of this difference, 55% of UC students pay no tuition or fees due to financial aid and scholarships, while overall 24% of Cal Poly students pay no tuition, only 14.5% of Cal Poly students pay no tuition or fees. This contrasts with 59% of students in the CSU who pay no tuition and 49% who pay no tuition or fees. Nationwide, the 2021 *Wall Street Journal* ranking of U.S. colleges and universities found that Cal Poly was 316<sup>th</sup> out of 337 public universities in terms of the cost of attendance after financial aid—this means that for low-income students, 315 public universities are less expensive to attend than Cal Poly.

Cal Poly's inability to offer competitive financial aid and scholarships affects all students. It means that we are not able to recruit from a group of highly qualified students as successfully as other public universities in the state. Thus, the university is only partially fulfilling its mission to educate qualified California students. This also impacts Cal Poly's ability to achieve its goals regarding diversity, equity, and inclusion. The result is that the Cal Poly student body does not reflect the diversity of the state of California.

Moreover, Cal Poly does not have sufficient funding to fulfill its statewide mission as a comprehensive polytechnic university. Other than Cal Maritime, Cal Poly has the highest percentage of high investment majors (agriculture, architecture, and engineering) in the CSU. Simply put, Cal Poly is not funded adequately for the scope of our polytechnic mission. The gap in funding for our statewide polytechnic mission and our need for facilities to carry out a Learn by Doing pedagogy in our high investment majors prevents Cal Poly from growing enrollment and meeting the intense demand from all California students who wish to attend Cal Poly. This also impacts our ability to fulfill the demand from employers that seek to hire more Cal Poly graduates.

The funding required to meet the objectives outlined above is significant. The primary sources of our funds that support the Cal Poly academic mission include state appropriations, tuition, student fees, donations, and entrepreneurial activity. The first two sources of funds are beyond our control. Donations are a significant source of revenue, but the amount needed to fulfill our mission exceeds any reasonable expectation for these funds to be an adequate source. For example, we were fortunate to receive a \$110 m donation targeted to support undergraduate research in perpetuity. However, to meet the needs outlined above, we would need well over an endowment of \$1.5 b.

Due to these factors, on October 21, 2021, Academic Affairs submitted a proposal to increase / adjust the college-based fee (CBF). The fee would be assessed on newly enrolled students beginning Fall 2022. Subsequent fee increases would be made on a cohort basis. All currently matriculated students would continue to pay current college-based fee rates.

Importantly, the proposed increase in college-based fees will allow Cal Poly to:

- Establish a new campus-based source of financial aid (CBF Student Aid) to augment CSU, state and federal aid, and provide scholarships to lower the net cost of attendance for those students with the greatest economic need;
- Provide merit scholarships for students;
- Appropriately fund our high investment programs in support of our comprehensive polytechnic mission;
- Appropriately fund academic infrastructure for college needs such as equipment, labs and associated information technology,
- Enhance faculty recruitment and retention;
- Improve tenure density; and
- Allow the campus to fund the [teacher-scholar model](#) more fully, which is critical to our Learn by Doing curriculum.

The positive impacts of this additional funding would be experienced by all students across all colleges because it will improve the quality of our Learn by Doing education. This funding will also help us increase the diversity of our student body.

The proposed changes involve three components:

- (a) Incoming students in Fall 2022 would pay an additional college specific fee amount [ranging from \$614 - \$864/year; this represents a 6% to 8.5% annual increase of total tuition and fees]. These students will continue to pay the same college-based fee throughout their undergraduate tenure at Cal Poly; subsequent cohorts would pay an additional 4.9% to 7.7% annual increase of total tuition and fees compared to the previous cohort for years 2, 3 and 4. Again, each cohort would pay the same college-based fee that they are assessed throughout their undergraduate tenure at Cal Poly.
- (b) The intent of this proposal is to allow each college to retain revenue generated by the current CBF (\$1,044 per student) by the end of year four. However, the current CBF for the College of Liberal Arts (CLA) is significantly lower than those for other colleges. To ensure equity, the CLA CBF will be raised over four cohorts (years) to the same (current) level as the fees for the College of Science and Mathematics (CSM) and Orfalea College of Business (OCOB); a proportional amount of the adjustment per cohort will be assigned to CLA or the Provost.
- (c) By the end of year four, the fees for our high-investment colleges (College of Engineering [CENG], College of Agriculture, Food and Environmental Science [CAFES], and the College of Architecture and Environmental Design [CAED]) would be higher than the fees for the remaining colleges.

It is important to remember that the amount of increase in the CBF is proposed to provide revenue to meet the financial aid and scholarship needs of students, and to provide a significant increase in funding required for our statewide polytechnic mission while remaining at less than 90% of the cost of attendance for residential undergraduates enrolled in the UC. Revenue from the \$1,044 base and associated annual adjustments will continue to be administered by the college dean. Note – for CLA, this will be the new base of \$1,044. New revenue from the cohort

adjustments and proportional annual adjustments for 26-27 and beyond will be administered by the Provost.

Following the phase in of increases in CBF by cohort, subsequent annual increases in the CBF would include annual adjustments equal to the [California Consumer Price Index \(CCPI\)](#) or [Higher Education Price Index \(HEPI\)](#) following discussion with the Chancellor. Annual increases greater than 6% will require consultation with the Chancellor.

These changes are summarized in the table below:

Cal Poly Proposed CBF	21-22	22-23	23-24	24-25	25-26	26-27
High Investment CBF (CAED, CAFES, CENG)	\$ 1,044	\$ 1,908	\$ 2,772	\$ 3,636	\$ 4,500	\$ 4,635
Annual Change		\$ 864	\$ 864	\$ 864	\$ 864	\$ 135
Annual Change as % of Tuition & Fees / 26-27 on as % of CBF		8.5%	7.7%	7.1%	6.6%	3.0%
Net Fee Increase over 21-22		\$ 864	\$ 1,728	\$ 2,592	\$ 3,456	\$ 3,591
Regular Investment CBF (CSM, OCOB)	\$ 1,044	\$ 1,658	\$ 2,272	\$ 2,886	\$ 3,500	\$ 3,605
Annual Change		\$ 614	\$ 614	\$ 614	\$ 614	\$ 105
Annual Change as % of Tuition & Fees / 26-27 on as % of CBF		6.0%	5.6%	5.3%	4.9%	3.0%
Net Fee Increase over 21-22		\$ 614	\$ 1,228	\$ 1,842	\$ 2,456	\$ 2,561
CLA CBF	\$ 648	\$ 1,361	\$ 2,074	\$ 2,787	\$ 3,500	\$ 3,605
Annual Change		\$ 713	\$ 713	\$ 713	\$ 713	\$ 105
Annual Change as % of Tuition & Fees / 26-27 on as % of CBF		7.0%	6.5%	6.0%	5.6%	3.0%
Net Fee Increase over 21-22		\$ 713	\$ 1,426	\$ 2,139	\$ 2,852	\$ 2,957

These funds will be used to establish the CBF Student Aid to support greater financial aid and fund merit scholarships for students, with an initial allocation set at 60% of new, incremental revenue. Providing need-based financial aid will be the priority use of the revenue designated for financial aid and scholarships. While the greatest portion of these funds will be utilized for need-based scholarships, a portion will be utilized for merit-based scholarships. Merit based scholarships are an additional avenue to lower the net cost of attendance for prospective Cal Poly students and is a necessary tool to recruit these most sought-after students. In addition, the increase in financial support for students will require a minimal increase in staff in the office of financial aid to manage the additional financial aid processes. The incremental revenue generated by the adjustment or increase in the CBF will be managed at the central level. As noted previously, the baseline CBF and the adjusted baseline CBF for CLA (and the annual adjustment for 26-27 and beyond) will remain under the direction of the respective dean. Deans and appropriate division leaders will submit an annual report to the President and Provost outlining use and impact of CBF and CBF Student Aid. The President and Provost will, in turn, submit an annual CBF report to academic senate and ASI.

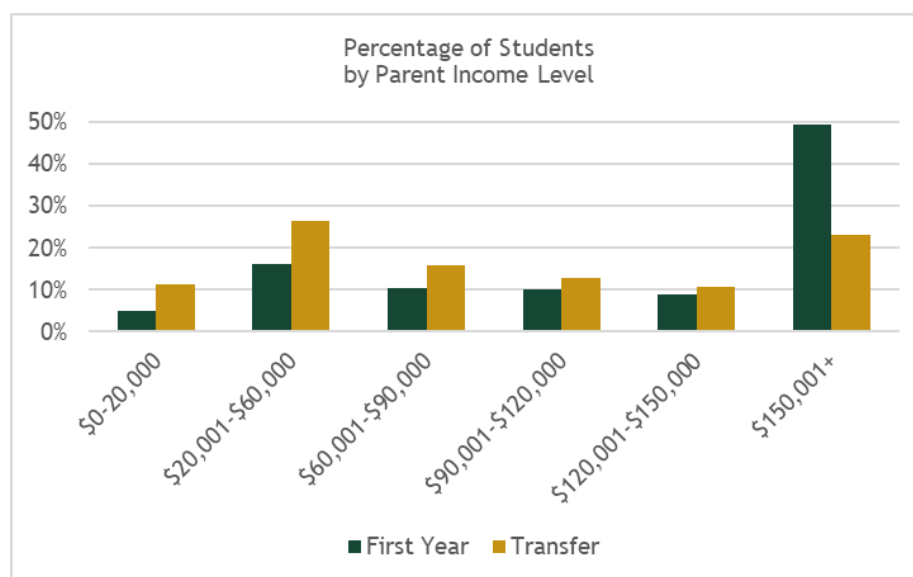
This fee is classified as a Category II fee - a campus mandatory fee. Category II fees are "fees that must be paid to enroll in or attend the university."<sup>1</sup> In accordance with the Education Code and [Executive Order 1102](#) this fee proposal is subject to either an advisory student referendum or other advisory alternative consultation mechanism.

We are recommending alternative consultation for the following reasons:

- Due to the lack of financial aid, Cal Poly currently has a lower percentage of students from a lower socioeconomic status than other public universities in California (see graph below depicting distribution of students by parental income; data provided by Cal Poly Office of Financial Aid). Lower socioeconomic status students (SES), especially those who will benefit most from the plan and come from families with incomes less than \$90,000 per year, remain a significantly smaller percentage of currently enrolled students.

Consequently, a referendum would not allow for these lower socioeconomic students to be appropriately represented.

- A referendum would also not allow us to fully understand the rationales for support or opposition. The consultation process, by contrast, allows for considerations of the complexity of the support and/or opposition to the fee increase in qualitative not just quantitative terms.
- Alternative consultation also allows us to account for the disparity in the representation of students from a lower socioeconomic status on our campus and focus on a more equitable response.
- Finally, the plan will be phased in with new students. Therefore, current students will not be directly impacted by this plan.



## **Background**

### **(1) Cal Poly is one of, if not the most expensive public university in California, after taking financial aid into account.**

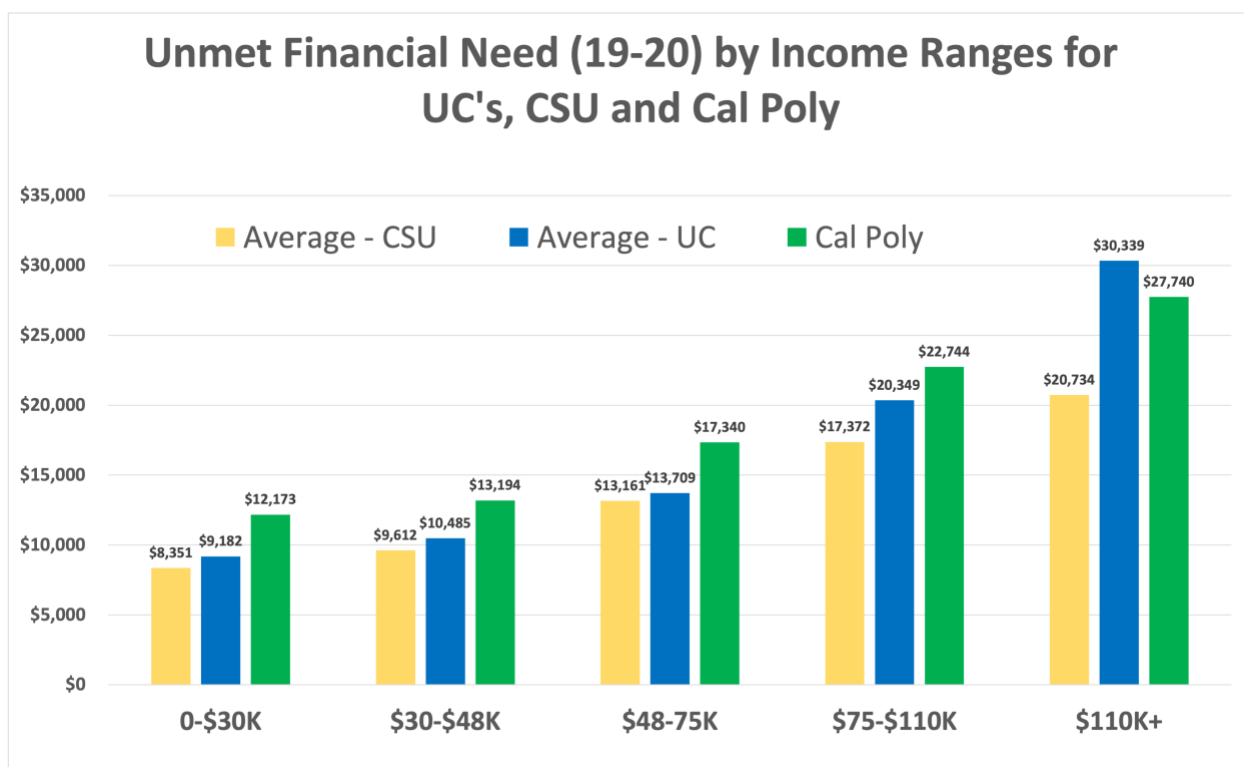
The table below, using data from [College Navigator](#), shows that the average financial aid grant/scholarship amount for students receiving financial aid at Cal Poly is less than the cost of attendance. Cal Poly is the only public university in California where that is the case. The consequence is that Cal Poly remains one of, if not the most expensive public universities in the state for students who need financial aid to pay for college.

2019-20	Tuition & Fees	Avg financial aid grant/scholarship	Diff Avg grant to fees
Bakersfield	\$7,419	\$9,484	\$2,065
Channel Islands	\$6,802	\$8,548	\$1,746
Chico	\$7,806	\$8,865	\$1,059
Dominguez Hills	\$6,946	\$8,755	\$1,809
East Bay	\$7,000	\$8,312	\$1,312
Fresno	\$6,589	\$9,769	\$3,180
Fullerton	\$6,924	\$8,612	\$1,688
Humboldt	\$7,864	\$9,208	\$1,344
Long Beach	\$6,834	\$8,722	\$1,888
Los Angeles	\$6,768	\$10,159	\$3,391
Maritime	\$7,116	\$8,777	\$1,661
Monterey Bay	\$7,143	\$8,725	\$1,582
Northridge	\$6,977	\$9,442	\$2,465
Pomona	\$7,396	\$8,301	\$905
Sacramento	\$7,368	\$8,755	\$1,387
San Bernardino	\$6,886	\$9,621	\$2,735
San Diego	\$7,510	\$9,481	\$1,971
San Francisco	\$7,266	\$9,251	\$1,985
San Jose	\$7,852	\$8,729	\$877
San Luis Obispo	\$9,943	\$6,996	(\$2,947)
San Marcos	\$7,717	\$8,250	\$533
Sonoma	\$7,880	\$7,985	\$105
Stanislaus	\$7,542	\$9,179	\$1,637

2019-20	Tuition & Fees	Avg grant/school	Diff Avg grant to fees
Berkeley	\$14,253	\$19,359	\$5,106
Davis	\$14,495	\$17,476	\$2,981
Merced	\$13,538	\$21,735	\$8,197
Santa Barbara	\$14,391	\$18,590	\$4,199
Santa Cruz	\$13,991	\$17,161	\$3,170
UC Irvine	\$13,727	\$18,273	\$4,546
UC Riverside	\$13,853	\$16,159	\$2,306

UC San Diego	\$14,415	\$18,914	\$4,499
UCLA	\$13,240	\$16,180	\$2,940

In addition, the UCs have significantly more financial aid and scholarships than Cal Poly and the CSU. The graph below ([source](#)) shows that unmet financial need (or the cost of attendance after financial aid is awarded) is higher for Cal Poly than the average cost of the CSU and the UC except for those students in the highest income bracket.

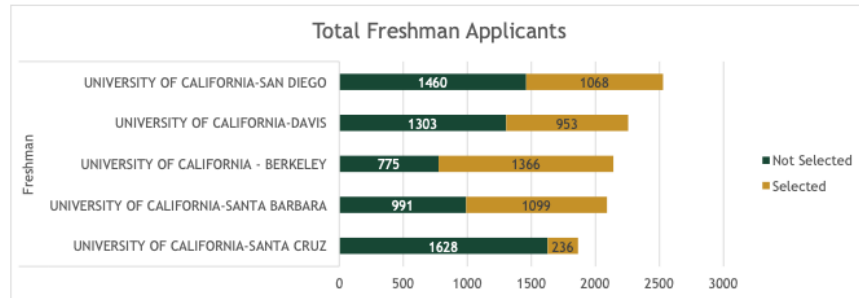


## 2) Cal Poly and UC Relationship

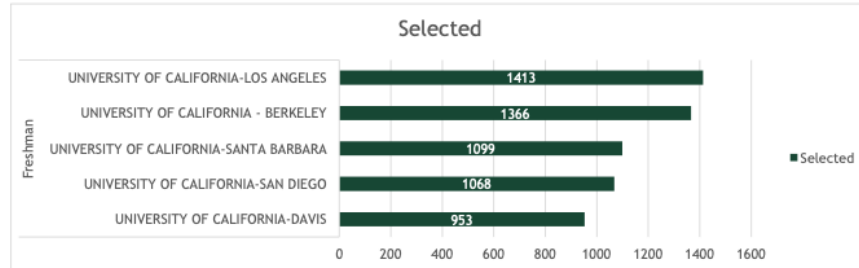
The CSU maintains a list of “Comparison Institutions” that are similar to Cal Poly in terms of the size of their student bodies, range of majors and degrees offered, the area from which they recruit students (regional vs. national), and so on ([source](#)). Although these institutions are appropriate comparators on the basis of specific criteria, they are not the institutions with which we directly compete for highly qualified students. When it comes to competing based on our student profiles, our most relevant competitors are the UC campuses.

Evidence of this competitiveness with the UC comes from several sources. The most important source is the National Student Clearinghouse Competition Analysis. The data from the National Student Clearinghouse allows us to see where students ultimately enrolled after they were admitted to Cal Poly. The graphs below show the data for fall 2020 for new Freshmen. The top graph shows the top five schools where students attended if they did not enroll at Cal Poly. The second graph shows where students who were admitted to Cal Poly but chose not to attend eventually enrolled. The last or lower graph shows the top five locations for enrollment for students who were not selected by Cal Poly.

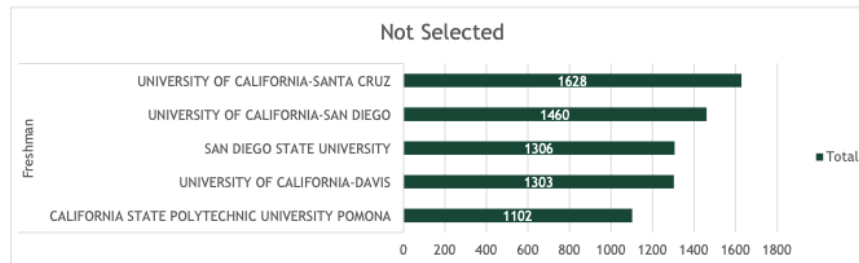
### TOP FIVE SCHOOLS FOR FRESHMAN



### TOP FIVE SCHOOLS FOR FRESHMAN SELECTED



### TOP FIVE SCHOOLS FOR FRESHMAN NOT SELECTED



These data suggest that, especially for students who are offered admission at Cal Poly, UC campuses are their primary alternative destination. Since the UC offers considerably more in financial aid and scholarships than Cal Poly can offer, it stands to reason that some students (especially those who need financial assistance) are accepting offers from UCs and turning down Cal Poly's offer of admission because of the significant out-of-pocket price difference.

Further evidence of the need for greater financial aid is found in the relationship between yield and expected family contribution (EFC) for Cal Poly. The lower yield that Cal Poly has historically experienced with lower EFC, first generation, Hispanic and Latinx students is largely driven by a lack of financial aid. Location is a secondary factor.

With this new CBF Student aid, we have an opportunity and obligation to reduce or eliminate the gap between the cost of attendance after financial aid between the UC, Cal Poly and other public universities in California. The UC has recently implemented a similar model and increased tuition, fees and financial aid ([see the UC Multi-Year Tuition and Financial Aid Plan](#)). The UC plan, however, will make the gap between our ability and their ability to offer more financial aid and scholarships bigger if we do not take action to increase Cal Poly's financial aid and scholarships.

### 3) Cal Poly's Learn By Doing Comprehensive Polytechnic Statewide Mission is Underfunded

Beyond the need for financial aid and scholarships, more funds are needed now to fund our high-cost majors and to fulfill our mission as a Comprehensive Polytechnic University. As noted above, Cal Poly has the highest percentage of high-cost majors in the CSU (with the exception Cal

Maritime) as a Comprehensive Polytechnic University. The result is that Cal Poly is seriously under-resourced given the cost of its majors. This economic reality is evidenced by the following:

#### Annual Core Expenses Per FTES

A summary of annual core expenses per FTES over time and adjusted for inflation was presented to the [CSU Board of Trustees during the February 2021 retreat](#). The last year of Integrated Post-secondary Educational Data System (IPEDS) data showed that the average core undergraduate expenses of the CSU were significantly lower than the average of the aforementioned comparison institutions (34% lower) and the UC (63% lower). For 2018-19, average annual core expenses per FTES for the CSU was \$15,653 compared to \$23,706 for the comparison institutions and \$41,861 for the UCs. Cal Poly's annual core expenses (cost of instruction plus all university expenses) for 2018-19 was ~\$18,000. Again, taking into account the makeup of our majors, our polytechnic Learn by Doing curriculum, and comparing us to the UCs as comparator institutions - it is clear that we are woefully underfunded.

#### National Rankings

National rankings demonstrate that we are an outstanding institution in many areas but also note that we are under resourced in some areas. For example, limited resources for financial aid, overall gaps in financial resources and limited resources for faculty all contribute negatively to our rankings ([see link for description of US News and World Report](#)). In the *Wall Street Journal* ranking, in particular, Cal Poly was found to have one of the highest costs of attendance net of financial aid of all public universities in the US (316<sup>th</sup> of 337).

<a href="#">US News and World Report 2021</a>	<a href="#">Wall Street Journal 2022</a>	<a href="#">Forbes 2021</a>
<p>Out of 126 regional universities in the West</p> <ul style="list-style-type: none"> <li>• Graduation and Retention Rank #1</li> <li>• Peer Assessment Rank #1</li> <li>• Faculty Resources Rank #70</li> <li>• Financial Resources Rank #56</li> </ul> <p>Out of 122 regional universities in the West:</p> <ul style="list-style-type: none"> <li>• Social Mobility Rank #94</li> </ul>	<p>Out of 796 ranked universities:</p> <ul style="list-style-type: none"> <li>• 189th overall</li> <li>• 25th public in outcomes</li> <li>• 382nd of 796 universities in Avg Net Price</li> <li>• &gt;500<sup>th</sup> on all resources</li> <li>• 316th of 337 in Avg Net Price (\$21,232 - highest in CA)</li> </ul> <p>In list of top 100 public universities ranked:</p> <ul style="list-style-type: none"> <li>• 52nd overall</li> <li>• 8th overall in CA</li> </ul>	<p>Out of 600 total ranked universities:</p> <ul style="list-style-type: none"> <li>• 58th overall</li> <li>• 20th public university</li> </ul> <p>Out of top 150 total ranked universities:</p> <ul style="list-style-type: none"> <li>• 149th out of top 150 in size of financial aid</li> </ul>

Furthermore, the cost of living in San Luis Obispo and limited career opportunities in San Luis Obispo County for life partners hampers our efforts to recruit and retain talent. Similarly, housing, childcare costs and their availability are growing pressures influencing our ability to recruit and retain faculty and staff. The relative lack of diversity in the area has another impact on faculty and staff recruitment and retention. Cal Poly also competes nationally for faculty and

staff. In some instances, this involves direct competition with universities in locations with a lower cost of living or with industries that offer higher paying jobs. All these factors, individually and combined, stress our limited resources for faculty and staff compensation. To address some of these issues, Cal Poly provided a salary equity program but was only able to implement the program once over the last decade due to our limited financial resources. Failure to enhance our ability to recruit and retain of faculty and staff will diminish our ability to deliver our statewide polytechnic mission over time.

#### Changes in State / CSU Support of Cal Poly and High-Cost Programs

Decades ago, the CSU funded individual universities based on the nature of programs such as agriculture, architecture, engineering and nursing. CSU campuses with a greater number of these programs received greater funding per full-time-equivalent-student (FTES) than other campuses with fewer of these programs. Over time, and especially as the state reduced investment in higher education, these allocations were reduced. Consequently, the CSU and especially Cal Poly increased fees relative to tuition to make up for these reductions. By contrast, the UC increased tuition. Many intended and unintended consequences resulted from these changes.

The UC approach resulted in greater financial aid for students but the CSU did not see a similar effect for its students because of the difference in financial aid for tuition versus fees. The UC also increased system funding for financial aid. In comparison to the UC, the CSU did not increase tuition at the same level or rate as the UC. These key differences meant that to maintain funding for its statewide polytechnic mission, Cal Poly had to increase campus fees. But, until recently, it was not able to increase financial aid. As an example, the CSU did not allow the state university grant (CSU internal financial aid program) to be used for fees until 2019, which meant that UC students could offset the increasing cost of attendance through financial aid, while CSU students could not. This resulted in creating the economic gap in cost of attendance described above in which low-income students can attend UCs at lower cost after financial aid even when compared with multiple CSUs.

In addition, Cal Poly has experienced greater budget reductions during economic recessions than other CSUs. During the most recent reductions (2010-11, 2019-20), Cal Poly and San Diego State University's budgets were reduced more than other campuses.

To its credit, the state of California has provided additional investment to higher education over the past few years. For appropriate reasons, the state's reinvestment in the CSU has not been distributed strictly based on number of California resident students. Graduation Initiative 2025 (GI2025) funding has been focused on CSUs where the percentage of Pell students are higher. While this is understandable, Cal Poly is \$8,700,000 behind in recurring dollars attributed to GI2025 compared to a distribution directly correlated with number of California students enrolled in each CSU.

Overall general fund allocations are also adjusted for actual tuition collected – for both California resident and nonresident students alike. Approximately 33% of the residential tuition charge (\$5,742 per student per academic year) is dedicated to financial aid. The result is that Cal Poly is a net contributor of financial aid to the CSU. Of the \$114 m collected in tuition, the campus provides financial aid to Cal Poly students in the amount of \$12 m and contributes approximately \$22 m to other CSU students. In essence then, Cal Poly only retains 10.5% of the tuition it collects for financial aid.

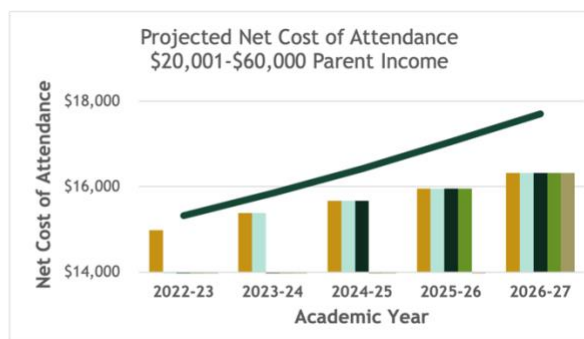
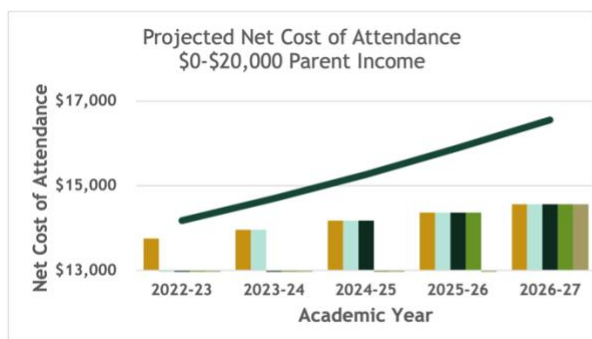
Again, Cal Poly's contribution to financial aid for the rest of the CSU is understandable. And, the high demand to attend Cal Poly by nonresident students translates to an ability for us to bring in additional revenue. As of last academic year, due to higher-than-expected yield of nonresident students, we are currently at 16.4% nonresident students and 83.6% California resident students. Collectively, the funds from our campus fees and our nonresident students have allowed us to cover some of our deficit despite our contributions to the CSU. Nevertheless, our goal is to serve a super-majority of California residents (by at least 85%) and this commitment underscores our additional need for resources.

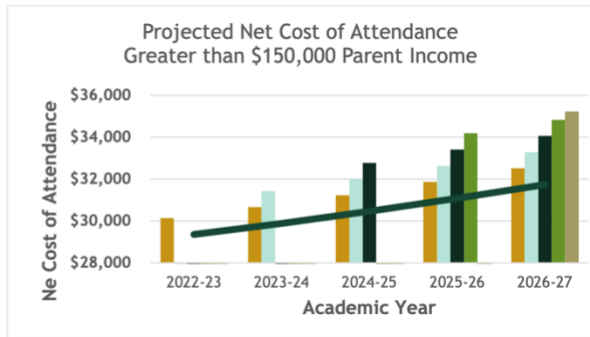
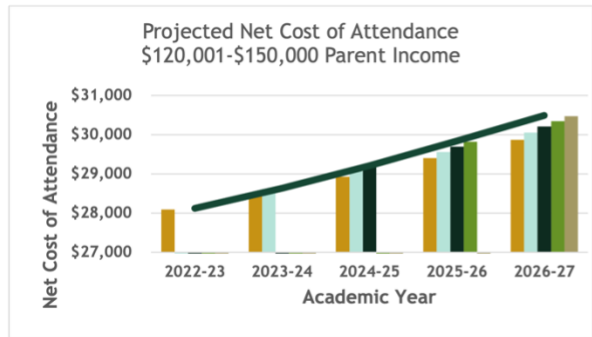
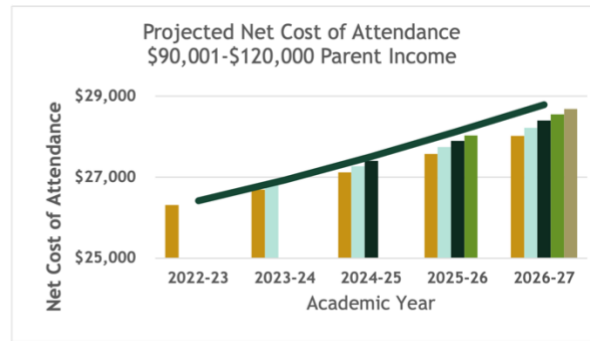
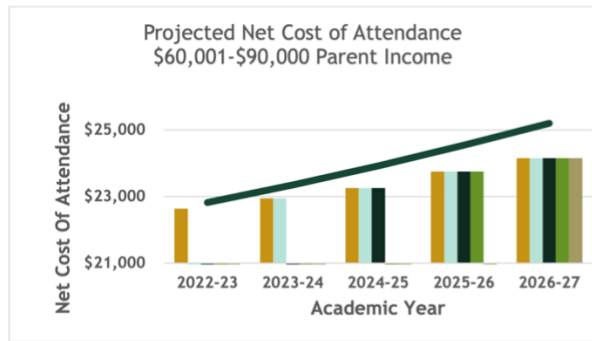
At present, due to recent budget reductions less restoration, required participation in mandatory cost increases over the past 10 years (including \$3.5 m in unfunded general salary adjustments across all employees), \$3.5 m equity program several years ago and deficits in funding university functions we estimate an \$8.5 m deficit.

In summary, Cal Poly is chronically underfunded for financial aid and support for our statewide polytechnic mission. Equally important, the CSU is not funded adequately for financial aid or resources by the State to deliver its academic mission to a student population with significant economic disadvantages. Consequently, our plan is to generate revenue at the campus level and thus decrease pressure on the state and CSU for funding our mission and our high-cost programs. This is part of our plan— in establishing a campus-based source of financial aid/CBF Student Aid— to support and provide access to all Californians and fulfill our statewide academic mission. It is important to note that this plan is intended to supplement not replace funding from the State and the CSU.

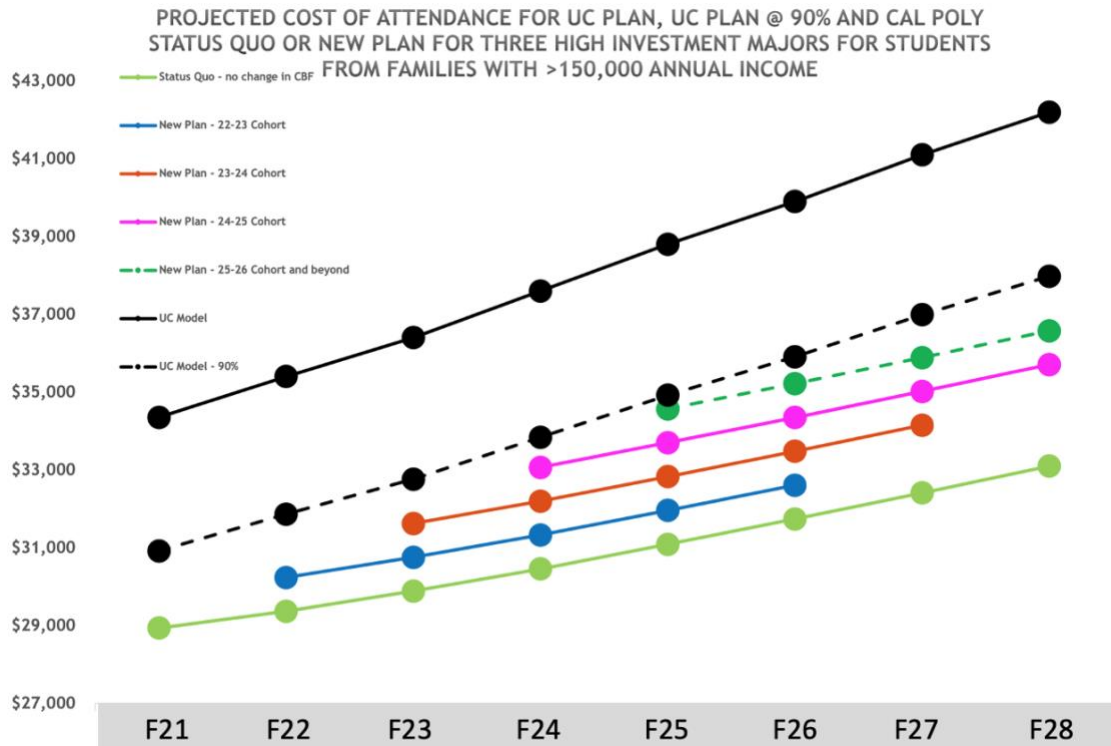
#### **(4) Impact of Proposed Plan**

The projected impact on net cost of attendance after aid by family income level is shown in the following graphs. These graphs show projected change in net cost of attendance with (bars representing cohorts) or without (solid line) implementing the increase in the CBF. Contributors to cost of attendance include tuition, fees, room & board, books and travel. For contributors other than tuition, costs increase each year due to cost-of-living adjustments, salary adjustments and cost of inputs (e.g. room and board). The various bars represent different cohorts following the implementation of the proposed plan. The difference between the line (status quo) and the bars represents the reduction (<\$150,000 parent income and below) or increase (>\$150,000 parent income) in net cost of attendance.





Keeping in mind that the UCs are the major competitors for Cal Poly and given our polytechnic nature, the following graph shows the increase in cost of attendance for the three high investment colleges for residential undergraduate students with family incomes over \$150,000 without implementation of the plan and the increase in CBF by cohort as compared to the UC plan with 90% of the UC level depicted. Our increase for these colleges was targeted to meet the financial aid and scholarship requirements and a portion of the funding required for our polytechnic model while staying less than 90% of the cost of attendance for residential undergraduates enrolled in the UC.

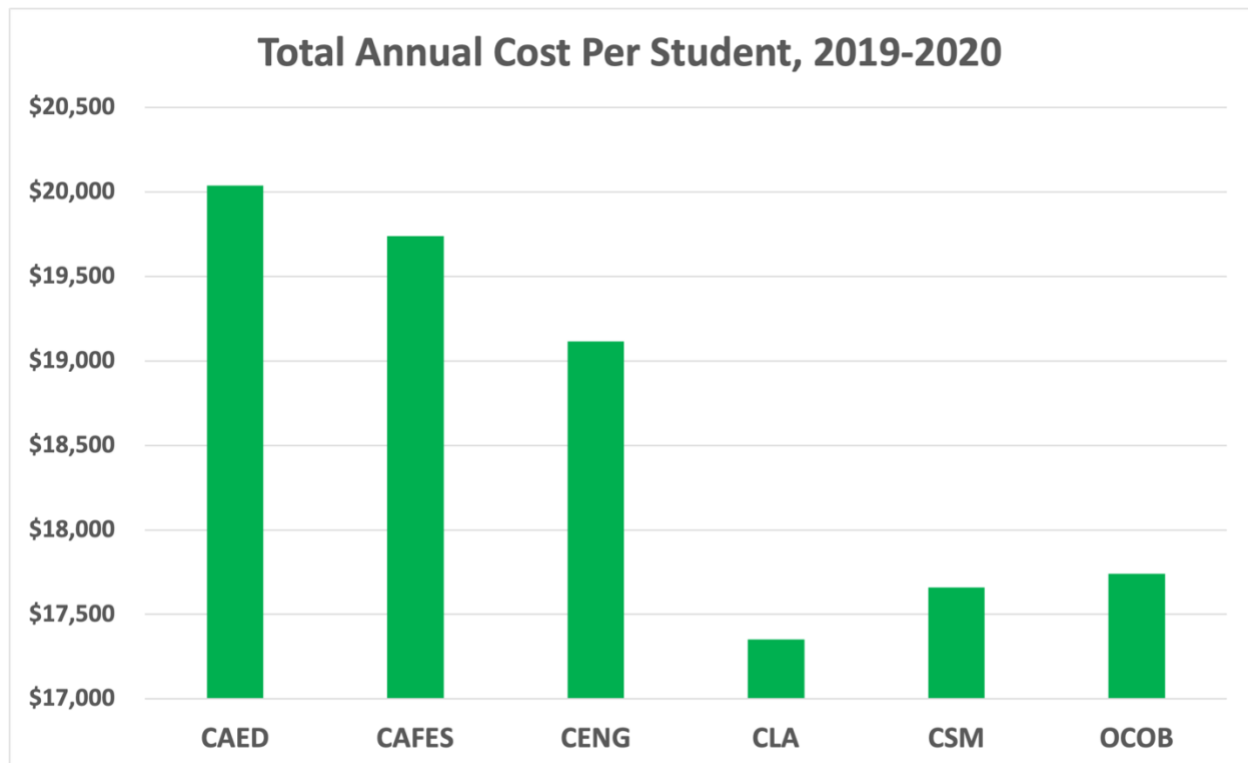


#### Major impacts:

- Implementing the plan and establishing CBF Student Aid will significantly decrease the net cost of attendance for students with family incomes less than or equal to \$90,000 per year because they will be receiving larger financial aid packages thanks to CBF Student Aid. In addition, students from families with incomes between \$90,000 and \$150,000 will pay less than they would if we do not implement the plan.
- Failure to implement **The Cal Poly College Based Student Fee Aid and Learn by Doing Plan** will result in an increasing net cost of attendance for low- to middle-income California students with family income less than or equal to \$150,000 per year. This coupled with the plan approved by the UC will further exacerbate our financial aid deficit with the UC.
- Students with family incomes over \$150,000 will pay more to attend Cal Poly in total cost of attendance with the implementation of this plan. However, Cal Poly will continue to be lower in cost than the UC for students from families with incomes over \$150,000.

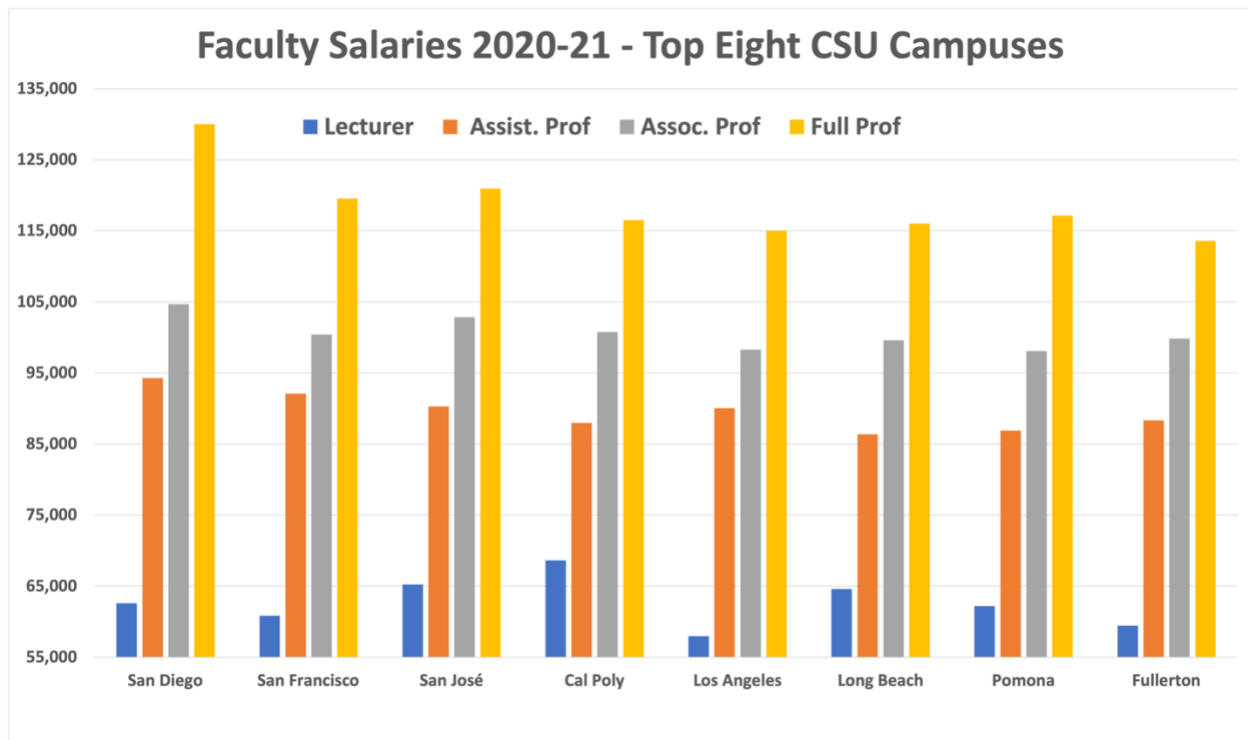
Cal Poly's statewide polytechnic mission requires enhanced investment because we have a significantly higher percentage of STEM majors than all other CSU campuses (other than Cal Maritime). We have evaluated extensive models to determine the cost of instruction for each major at Cal Poly and are providing an average annual cost of instruction for each college as shown below. As shown, costs are highest in the three colleges already noted as high investment programs and which necessarily have a slightly higher CBF.

Overall, recurring funding for cost of instruction shows a deficit of approximately \$11.5 m. It is important to note that the recurring deficit would be significantly higher if not for the revenue from nonresident students.

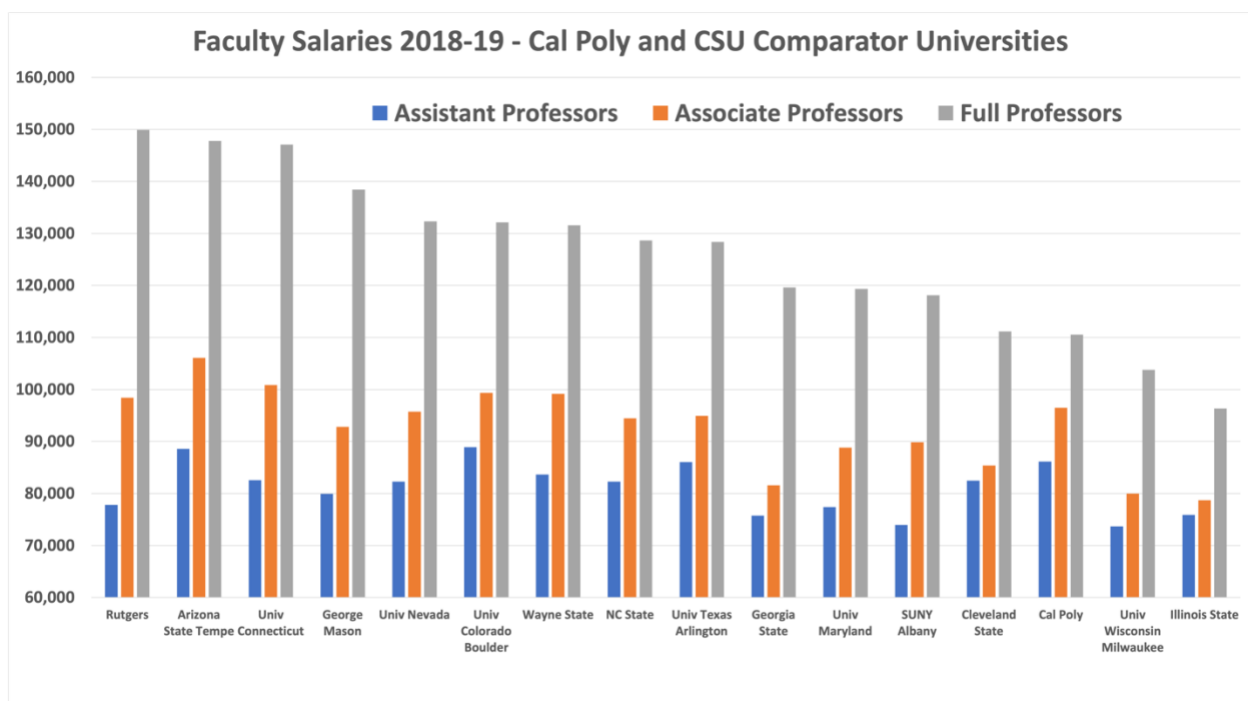


The proposed plan will also significantly increase Cal Poly's ability to recruit and retain excellent faculty and staff. Resuming a salary equity program (through CBF funds) as well as building housing for faculty and staff on campus (through non-general fund or non-student fee funds) are goals for the future that will be increasingly difficult to achieve without this plan. Estimates for adjusting staff salaries within academic affairs will be included but have not been modeled in as great a detail as faculty because the CSU has embarked on a staff salary analysis (as recommended and funded by the legislature).

As for faculty salaries, two different salary comparisons illustrate the need for a robust equity plan for faculty. As shown in the graph below, Cal Poly is significantly below the highest salaries across the CSU for Assistant, Associate and especially -- Full Professors. Average salaries for lecturers, however, are the highest in the CSU.



As noted previously, [the CSU has compiled a list of comparator universities for comparison of tuition and fees](#). Using this same framework, average salaries for Full Professors at Cal Poly are significantly lower than all but two of the comparators. As an added note, while our competitors for students are the UCs, it is difficult to compare salaries for faculty who teach only undergraduate and masters and not PhD or professional school students. With these caveats in mind, average faculty salaries for the UCs are significantly higher than Cal Poly, the CSU and the comparator universities shown in the graph below.



Across all comparators, San Luis Obispo is also one of the locations with the highest cost of living. This is primarily due to housing costs.

The estimated recurring investment needed to move faculty salaries to a competitive level relative to the CSU, comparator universities and the cost of living in our area is \$9,500,000.

Cal Poly's Learn by Doing pedagogy relies on the teacher-scholar model of faculty who are required to be excellent teachers and produce original research and creative works. A detailed description of the teacher-scholar model can be found at this [link](#). A practical way to think of the teacher-scholar model is to think of providing time for faculty to participate in projects, research, scholarship and creative activity that allows them to stay current in their field and, as a result, expand Learn by Doing activities for their students. These activities, in turn, result in a more robust and excellent experience for students in formal classes and labs. An added benefit is that faculty and students have the capacity to help California industries solve everyday problems. Just as there is demand for employees, California's economy demands knowledge to solve problems, and up-skill and re-skill their workforce. Consequently, fully implementing the teacher-scholar model requires providing time for faculty to engage in research, scholarship and creative activity and maintain currency in their field, as well as making funds available for research costs (such as hiring undergraduate and graduate student assistants) which all serves to bolster Learn by Doing for students. In some cases, this also requires increasing the number of faculty in a department or major because we have not kept up with enrollment growth.

Currently, the university is only able to partially fund the teacher-scholar model due to limited funds. Our current projections estimate that we have a deficit of \$5.3 m in funding the teacher-scholar model. To better serve students and industries, we estimate a total need of \$8.8 m recurring funds. The proposed fee change would make additional revenue available to better fund the teacher-scholar model and these additional funds would benefit faculty and students. As for other areas, funds available will be augmented through robust fundraising efforts.

Learn by Doing and the overall excellence of Cal Poly's experience and graduates requires a mix of 75% tenure-track and 25% non-tenure-track faculty. While all faculty are important, tenure-track faculty fully participate in the scholarship of their field and are required to carry out service to the department, college, university, and profession. As tenure-track faculty spend time outside the classroom in pursuit of their scholarship (e.g. engineering research, performances), it requires a higher investment to employ tenure-track faculty than non-tenure-track faculty. In addition, given Cal Poly's geographic location, our ability to hire lecturer faculty on short notice is very limited and often creates challenges to adding sections of courses to support student progress to degree. Cal Poly's regional accreditation body, the WSCUC/WASC, has set a target for Cal Poly's tenure density (the percentage of faculty who are tenured or on a track toward tenure) of 75%. Our current rate is 64.2%. Increasing our tenure density by 10-11 percentage points would require considerable additional resources beyond what are currently available.

Our plan is to meet the goal of 75% tenure density in two major phases. The initial phase is to move tenure density from 64.2% to 70%. Increasing tenure density to 70%, however, requires approximately \$7.3 m recurring. The final stage would be to move from 70% to 75% and would require a recurring investment of an additional \$5 m for a total of \$12.3 m.

Finally, with a more sustainable financial model that allows us to better serve the demographics of California, Cal Poly will be positioned to grow. The demand for many of our majors is well documented. Initial growth will occur through enhancing our partnership with Allan Hancock and Cuesta Community Colleges and by moving to a more year-round operation with the transition from quarters to semesters effective Fall 2025-26. This plan and its future enrollment growth will increase head of household jobs on the Central Coast. This is greatly needed with the pending loss of over 1500 head of household jobs with the scheduled closure of Diablo Canyon Power

Plant. Moreover, increasing diversity of our students, faculty, and staff along with growing jobs in our area will contribute to a more diverse and sustainable Central Coast.

### **(5) Purpose of the Fee.**

Student learning is the original and continuing purpose of Cal Poly's College Based Fee (CBF). Current CBF are used effectively and somewhat differently across colleges to positively affect Learn by Doing. However, additional revenue above the current level (current base for all colleges but CLA - CLA's new adjusted level) is required and will be directed to financial aid or to further the academic mission within our colleges. New revenue will be administered by the Provost and Executive Vice President as the academic mission is the result of a matrix of activities across the colleges. Examples of opportunities that will be made possible with the fee include:

- Making a Cal Poly education more affordable and more equitably available to all qualified Californians through increased financial aid and scholarships.
- Appropriately funding the cost of our Learn by Doing instruction model across all colleges and appropriately funding our high investment programs, in support of our comprehensive polytechnic mission.
  - Continuing to sustain and enhance quality degree programs with unique Learn by Doing opportunities that distinctly characterize a Cal Poly education.
  - Scheduling of additional classes and course sections needed to promote timely progress to graduation.
- Increasing tenure density and stabilizing release time strategies and funding, thus enhancing the teacher-scholar model.
  - Enhancing opportunities for student-faculty research / scholarly collaborations and project-based learning.
- Enhancing recruitment and retention of faculty by providing appropriate levels of compensation, and correspondingly student access to faculty and services.
  - Increasing graduation rates and eliminating equity gaps.

The following provides a summary of recurring needs as outlined previously in the document. New revenue will not be sufficient to meet all needs so distribution of available funds across these categories will be determined in the future in relation to the priorities at the time.

<b>Summary of Recurring Needs to Enhance Learn by Doing and the Teacher-Scholar Model</b>	
<b>Item</b>	<b>Recurring Need</b>
Cost of Instruction	\$ 11,500,000
Faculty & Academic Staff Equity Program	\$ 9,500,000
Enhancing the Teacher Scholar Model	\$ 8,800,000
Increasing Tenure Density	\$ 12,300,000
<b>Total</b>	<b>\$ 42,100,000</b>

### **(6) Relationship of the proposed fee increase to the Cal Poly Opportunity Fee (CPOF) and Cal Poly Scholars program.**

The CPOF was created in 2018 by charging additional fees to nonresident students in order to bring the total cost closer to market for a nonresident student to attend Cal Poly. Consequently, it is important to understand the relationship of the CPOF and the increase in CBF. The success of Cal Poly Scholars suggests that Cal Poly has the knowledge and skill to increase recruitment, retention, and timely graduation of students from low-income backgrounds. However, CPOF is

only assessed to non-resident students, and thus this fee has only so much room to create additional revenue, as a key value for Cal Poly is to serve a super-majority (85% of the student body) of California residents. Therefore, this fee alone is insufficient to increase financial aid, scholarships or to provide other funding needed to make Cal Poly sustainable into the future.

The proposed change to college-based fees is intended to augment the CPOF and other financial aid. It is also intended to bring the university's ability to offer financial aid and scholarships in line with what is available at the UC campuses, which are Cal Poly's main competitors for students.

Cal Poly Scholars is a program that provides scholarships to students from low-income families and who graduated from a Cal Poly Partner High School or community college. In addition, it provides intensive advising and other support services to these students. The program was started in 2012 with 14 students but has significantly increased in recent years. The data show that Cal Poly Scholars are more likely to stay enrolled, earn a higher GPA, and graduate at a higher rate than similar students not in the program.

Because of encouraging data from this program, in 2018 the campus engaged in an alternative consultation process and adopted the Cal Poly Opportunity Fee (CPOF), which raised fees on non-resident students in order to accomplish the goals of the Cal Poly Scholars program. The revenues are dedicated to financial aid (at least 50%), hiring tenure-track faculty (half of the remainder), and providing advising services that benefit Cal Poly Scholars and all students (the rest). As a result of this new, sustainable source of revenue, Cal Poly Scholars has been able to expand and bring in an estimated 657 new scholars for the 2021-2022 academic year. The program is projected to provide scholarships for 900 new students each year by 2023, with a stable population of approximately 3,000 scholars across campus.

[Please click this link for a summary of the Cal Poly Scholars and CPOF.](#)

### ***Revenues and Expenditures***

Revenues above the current CBF revenue (which is managed by colleges – including new CLA CBF) are shown in the graph / table below. All revenue collected for financial aid will be expended in this manner shown below during year 1. The \$1,713,041 for our academic mission is anticipated to be expended in year one on Learn by Doing and Teacher-Scholar opportunities. This includes but is not limited to enhancing educational quality and academic experiences, student-faculty research and scholarly collaborations, project-based learning and providing opportunities in support of faculty scholarly work. Future uses (year two and beyond) of the CBF in support of the academic mission will also include strategic priorities in support of enhancements of instructional programs and student experiences (e.g., tenure density, access to classes, faculty equity programs - i.e., faculty/staff recruitment, retention, compensation) and efforts to support academic retention and progress to degree. The aim of the funding in support of academic mission is to remain relevant to Cal Poly's commitment to Learn by Doing and the Teacher-Scholar model.

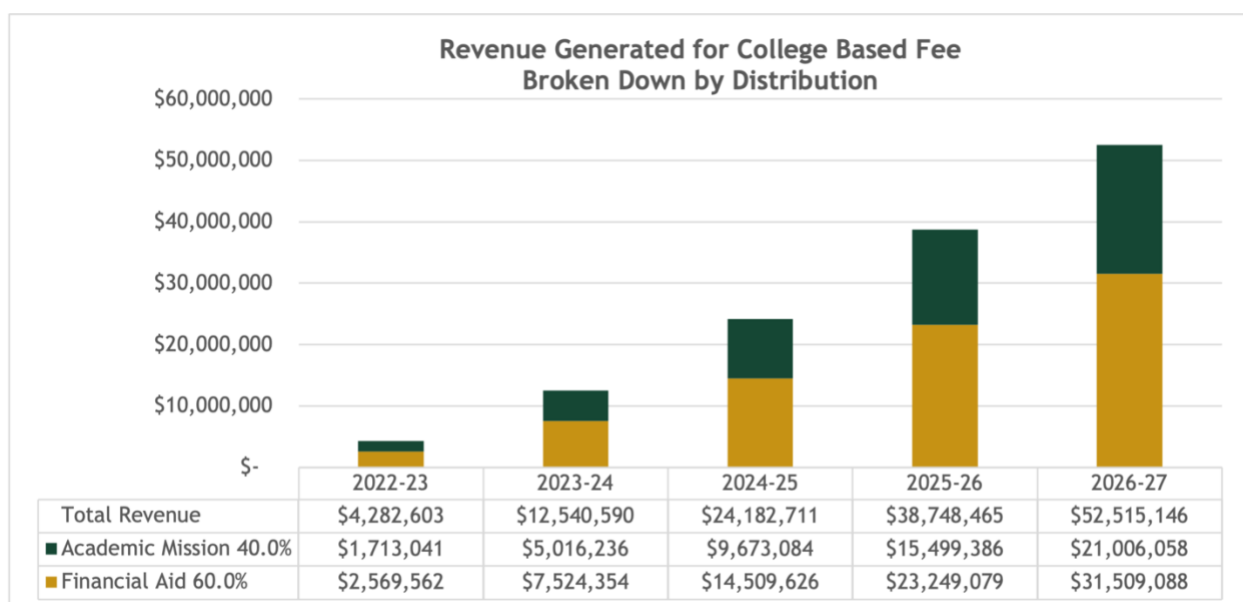
Importantly, our initial projections show 60% of revenue dedicated to financial aid and scholarships. It is important to balance lowering the net cost of attendance for lower-income students with providing adequate funding for Cal Poly's high investment comprehensive polytechnic (and statewide) mission. If, for example, we are not able to recruit and retain faculty and staff then the student experience will be diminished. We are confident that this plan will create greater access for all students to the excellent education we provide at Cal Poly.

As shown above, revenue increases steadily during the first few years as we phase in the fee increase through a cohort model. This process provides predictability and transparency for new students and for the campus. The result is that expenditures are divided into two primary areas:

- Financial aid and scholarships
- Academic mission

As noted earlier, funding is not sufficient to both close the financial aid gap with the UCs and enhance delivery of our comprehensive polytechnic mission. So, at least 60% of revenue will be used to provide financial aid and scholarship through the first four years. Additionally, an aggressive fundraising campaign will be initiated to further augment support for financial aid and scholarships for all students at Cal Poly.

The remainder of the funding (40%) will go towards the academic mission.



### ***Process for Engaging Students***

As noted above, we are recommending alternative consultation for the following reasons:

- Due to the lack of financial aid, Cal Poly currently has a lower percentage of students from a lower socioeconomic status (SES) than other public universities in California (see earlier graph depicting distribution of students by parental income). These students (from families with incomes less than \$90,000) in the future who will benefit the most from this fee increase but remain a significantly smaller percentage of currently enrolled students. Consequently, a referendum would not allow for these students to be appropriately represented.
- A referendum would also not allow us to fully understand the rationales for support or opposition. The consultation process, by contrast, allows for considerations of the complexity of the support and/or opposition to the fee increase in qualitative not just quantitative terms.
- Alternative consultation also allows us to account for the disparity in the representation of students from a lower socioeconomic status on our campus and focus on a more equitable response.

- The plan will be phased in with new students. Therefore, current students will not be directly impacted by this plan.

## ***Accountability***

Deans and appropriate division leaders will submit an annual report to the President and Provost outlining use and impact of CBF. This will include but not be limited to the impact on target items noted in this document. The President and Provost will, in turn, submit an annual report to academic senate.

## ***Summary and Objective Analysis***

The primary purpose of the proposed increase to the college-based fee is to provide financial aid and scholarships to students and to appropriately fund Cal Poly's high investment programs in support of our comprehensive polytechnic mission. This model, once fully implemented, will significantly lower barriers of access to a Cal Poly degree that have arisen over multiple years. These barriers have arisen over multiple years due to the scarcity of financial aid, scholarships and funding for our comprehensive polytechnic mission. The additional funding would provide a sustainable resource base to allow us to lower the net cost of attendance for students with family incomes less than \$150,000 (with greatest impact on students with annual family incomes less than \$60,000 then followed by students with annual family incomes between \$60,000 and \$90,000) while increasing the percentage of students with the lowest socioeconomic status (who pay nothing for tuition and fees). Funding will also address the needs of our high-cost programs, academic infrastructure for college needs such as equipment, labs and associated information technology, investment in recruitment and retention of faculty and staff, and enhance tenure density, while also allowing the campus to more fully fund the [teacher-scholar model](#), which are all critical to our Learn by Doing curriculum.