

Information/Action Item

GRANT ADVISORY COMMITTEE

Proposed 2006-07 Student Expense Budgets

Each year the Commission adjusts the student expense budgets it uses to calculate financial need for grant applicants. The Commission does so using data from the latest available Student Expenses and Resource Survey (SEARS) along with forecasted changes in the California Consumer Price Index (CCPI). Expense data from the 2003-04 SEARS are available to determine student expense budgets for 2006-07.

Recommended Action: Review the proposed 2006-07 Student Expense Budget and recommend approval by the Commission.

In addition, establish a workgroup to review the methodology used to set Student Expense Budgets.

Responsible Staff: Liisa Rohmer, Research Analyst II
Research & Policy Analysis Branch
Governmental and Public Affairs Division

PROPOSED 2006-2007 STUDENT EXPENSE BUDGETS

Background and Methodology

As part of the Cal Grant award process, financial need is calculated for each applicant. Financial need is determined by subtracting institutional charges and the nine-month student expense budget allowance from the Expected Family Contribution (EFC). Because institutional charges and the cost of living vary over time, the California Student Aid Commission (Commission) has an established process to review these two components.

In order to ensure that need is being calculated on current information, the Commission asks participating schools to provide updated program costs each year. If schools do not provide updated costs, the Commission calculates need using the prior year's reported institutional charges.

The Commission also updates and publishes the nine-month student expense budgets that it uses to calculate financial need. (These budgets are made available for use by the segments of postsecondary education, although schools may choose to prepare their own budgets.) The expense budgets are based on data gathered from the most recent triennial Student Expenses and Resources Survey (SEARS) and updated for inflation using forecasted changes in the California Consumer Price Index (see Table 1) in non-survey years. The 2003-04 SEARS provided the expense data used in the calculation of the proposed 2006-07 student expense budgets. The Commission uses only full-time undergraduate expenses reported by single students without children to be consistent with federal methodology.

Table 2 illustrates average student expenses from 2003-04 through 2006-07 using the 2003-04 benchmark data from the SEARS. The proposed 2006-07 student expense budgets are also presented in the Commission's traditional format on Table 3.

Recommended Action

Commission staff recommends approval of the 2006-2007 Nine-Month Student Expense budgets as presented in Table 3.

Since it has been about fifteen years since the development of the student expense budget methodology, staff further recommends that a workgroup be established to review the current methodology.

TABLE 1
Selected California Consumer Price Indices (CPI), All Urban Consumers
1999-00 to 2006-07 (1982 to 1984 = 100)

Category	Fiscal Year	Los Angeles SMSA	San Francisco SMSA	California CPI*	Annual % Change	Cumulative % Change	
						from 2000-01	from 2003-04
ALL ITEMS	1999-00	168.5	175.9	171.2	3.1%	---	---
	2000-01	174.7	185.7	178.7	4.4%	---	---
	2001-02	179.7	191.7	183.9	2.9%	2.9%	---
	2002-03	185.0	195.3	188.7	2.6%	5.6%	---
	2003-04	189.4	197.1	192.2	1.9%	7.6%	---
	2004-05 E	197.1	200.5	198.6	3.3%	11.1%	3.3%
	2005-06 E	205.8	204.2	205.8	3.6%	15.2%	7.1%
2006-07 E	212.6	208.2	211.7	2.9%	18.5%	10.1%	
Food	1999-00	168.8	173.2	170.6	1.3%	---	---
	2000-01	175.5	179.1	177.1	3.8%	---	---
	2001-02	181.7	184.2	182.9	3.3%	3.3%	---
	2002-03	184.8	187.9	186.2	1.8%	5.1%	---
	2003-04	191.9	195.8	193.6	4.0%	9.3%	---
	2004-05 E	195.4	201.5	197.8	2.2%	11.7%	2.2%
	2005-06 E	201.3	205.9	203.2	2.7%	14.7%	5.0%
2006-07 E	206.1	211.0	208.1	2.4%	17.5%	7.5%	
Housing, Rent	1999-00	173.2	220.5	188.8	4.9%	---	---
	2000-01	181.0	240.1	200.4	6.1%	---	---
	2001-02	192.2	260.4	214.5	7.0%	7.0%	---
	2002-03	201.8	263.2	222.0	3.5%	10.8%	---
	2003-04	213.4	262.2	229.5	3.4%	14.5%	---
	2004-05 E	228.0	262.6	239.6	4.4%	19.6%	4.4%
	2005-06 E	243.0	264.9	250.6	4.6%	25.0%	9.2%
2006-07 E	257.6	274.0	263.5	5.1%	31.5%	14.8%	
Apparel	1999-00	116.7	115.1	116.5	-2.0%	---	---
	2000-01	116.1	115.0	116.0	-0.4%	---	---
	2001-02	109.3	109.2	109.5	-5.6%	-5.6%	---
	2002-03	107.8	111.6	109.3	-0.2%	-5.8%	---
	2003-04	105.7	107.6	106.6	-2.5%	-8.1%	---
	2004-05 E	104.1	107.1	105.3	-1.2%	-9.2%	-1.2%
	2005-06 E	105.7	108.9	107.0	1.6%	-7.8%	0.4%
2006-07 E	103.4	112.3	106.5	-0.5%	-8.2%	-0.1%	
Transportation	1999-00	150.5	139.0	147.2	4.4%	---	---
	2000-01	156.7	145.5	153.5	4.3%	---	---
	2001-02	153.1	140.7	149.5	-2.6%	-2.6%	---
	2002-03	158.8	144.7	154.6	3.4%	0.7%	---
	2003-04	161.6	145.2	156.7	1.4%	2.1%	---
	2004-05 E	170.0	152.8	164.9	5.2%	7.4%	5.2%
	2005-06 E	179.8	160.2	173.9	5.5%	13.3%	11.0%
2006-07 E	172.4	156.3	167.6	-3.6%	9.2%	7.0%	
Recreation	1999-00	102.7	95.3	100.6	-0.3%	---	---
	2000-01	105.0	94.7	101.9	1.3%	---	---
	2001-02	107.9	93.6	103.6	1.7%	1.7%	---
	2002-03	109.0	93.8	104.4	0.8%	2.5%	---
	2003-04	111.8	96.4	107.1	2.6%	5.1%	---
	2004-05 E	112.1	98.5	108.0	0.8%	6.0%	0.8%
	2005-06 E	114.4	100.9	110.3	2.1%	8.2%	3.0%
2006-07 E	118.1	103.3	113.6	3.0%	11.5%	6.1%	
Education and Communication	1999-00	99.5	105.6	101.7	1.1%	---	---
	2000-01	100.3	106.6	102.6	0.9%	---	---
	2001-02	101.7	109.1	104.3	1.7%	1.7%	---
	2002-03	105.2	112.0	107.6	3.2%	4.9%	---
	2003-04	109.1	114.3	111.0	3.2%	8.2%	---
	2004-05 E	113.9	116.5	115.0	3.6%	12.1%	3.6%
	2005-06 E	118.0	121.8	119.5	3.9%	16.5%	7.7%
2006-07 E	123.9	125.0	124.5	4.2%	21.3%	12.2%	
Other Goods and Services	1999-00	280.3	283.7	282.0	7.1%	---	---
	2000-01	291.4	294.6	293.1	3.9%	---	---
	2001-02	297.3	307.2	301.2	2.8%	2.8%	---
	2002-03	297.1	316.1	303.9	0.9%	3.7%	---
	2003-04	300.1	325.3	308.9	1.6%	5.4%	---
	2004-05 E	305.7	331.4	314.6	1.8%	7.3%	1.8%
	2005-06 E	316.0	341.7	325.0	3.3%	10.9%	5.2%
2006-07 E	336.1	354.6	342.8	5.5%	17.0%	11.0%	
AVERAGE OF: Apparel, Recreation, and Other Goods & Services	1999-00			166.4	3.3%	---	---
	2000-01			170.3	2.3%	---	---
	2001-02			171.4	0.6%	0.6%	---
	2002-03			172.5	0.6%	1.3%	---
	2003-04			174.2	1.0%	2.3%	---
	2004-05 E			176.0	1.0%	3.3%	1.0%
	2005-06 E			180.8	2.7%	6.2%	3.8%
2006-07 E			187.6	3.8%	10.2%	7.7%	

*California Consumer Price Indices are prepared by the Department of Industrial Relations for "All Items" only. All other categories are California Student Aid Commission estimates based on September 2005 data provided by the Department of Finance using weighted averages of the metropolitan areas surveyed within the state. Since 1986-87, two Standard Metropolitan Statistical Areas (SMSA) have been used in the calculation of the California CPI, weighted as follows: 68% for Los Angeles and 32% for San Francisco. The result is multiplied by a factor of 1.0023 to determine the CCPI.

** E = Estimate.

TABLE 2

Formulation of Proposed 2006-07 Student Expense Budgets

WITH PARENTS	Total	Books	Food & Housing		Transportation	Personal
2003-04 SEARS: ¹	\$7,705	\$1,182	\$3,003		\$893	\$2,627
Estimated Change in 2004-05:	\$7,917	\$1,221	\$3,103		\$939	\$2,653
SEARS adjusted to 2005-06:	\$8,199	\$1,266	\$3,217		\$991	\$2,725
SEARS adjusted to 2006-07:	\$8,427	\$1,303	\$3,340		\$955	\$2,828
<i>Proposed 2006-07 Budget:</i> ²	<i>\$8,442</i>	<i>\$1,314</i>	<i>\$3,348</i>		<i>\$954</i>	<i>\$2,826</i>
ON-CAMPUS	Total	Books	Food & Housing		Transportation	Personal
2003-04 SEARS:	\$3,839	\$1,182			\$726	\$1,931
Estimated Change in 2004-05:	\$3,935	\$1,221			\$764	\$1,950
SEARS adjusted to 2005-06:	\$4,075	\$1,266			\$806	\$2,003
SEARS adjusted to 2006-07:	\$4,159	\$1,303			\$777	\$2,079
<i>Proposed 2006-07 Budget:</i>	<i>\$4,176</i>	<i>\$1,314</i>	<i>Actual Cost</i>		<i>\$774</i>	<i>\$2,088</i>
OFF-CAMPUS	Total	Books	Food	Housing	Transportation	Personal
2003-04 SEARS:	\$12,382	\$1,182	\$2,542	\$5,383	\$991	\$2,284
Estimated Change in 2004-05:	\$12,788	\$1,221	\$2,598	\$5,620	\$1,043	\$2,307
SEARS adjusted to 2005-06:	\$13,281	\$1,266	\$2,668	\$5,878	\$1,100	\$2,369
SEARS adjusted to 2006-07:	\$13,733	\$1,303	\$2,732	\$6,178	\$1,060	\$2,459
<i>Proposed 2006-07 Budget:</i>	<i>\$13,752</i>	<i>\$1,314</i>	<i>\$2,736</i>	<i>\$6,174</i>	<i>\$1,062</i>	<i>\$2,466</i>

Benchmark: 2003-04 Student Expenses and Resources Survey (SEARS)

NOTES:

1. Data are for full-time undergraduates attending full-year.
2. Proposed budgets rounded to be divisible by two and nine.

TABLE 3
Proposed
CALIFORNIA STUDENT AID COMMISSION
Nine-Month Student Expense Budgets
2006-2007 Academic Year

ALLOWANCE	WITH PARENTS	ON CAMPUS HOUSING	OFF CAMPUS HOUSING
TUITION AND FEES¹	ACTUAL INSTITUTIONAL CHARGES		
BOOKS AND SUPPLIES²	\$1,314 PER ACADEMIC YEAR		
FOOD³ Per Month: Per Year:	\$ 372 / MO \$ 3,348 / YR	ACTUAL INSTITUTIONAL CHARGES ⁴	\$ 304 / MO \$ 2,736 / YR
HOUSING⁵ Per Month: Per Year:	INCLUDED IN ABOVE		\$ 686 / MO \$ 6,174 / YR
TRANSPORTATION⁶ Per Month: Per Year:	\$ 106 / MO \$ 954 / YR	\$ 86 / MO \$ 774 / YR	\$ 118 / MO \$ 1,062 / YR
PERSONAL / MISC⁷ Per Month: Per Year:	\$ 314 / MO \$ 2,826 / YR	\$ 232 / MO \$ 2,088 / YR	\$ 274 / MO \$ 2,466 / YR
CHILD / DEPENDENT CARE	REASONABLE EXPENSES WITH ADEQUATE DOCUMENTATION PROVIDED BY THE STUDENT, DEPENDING UPON AGE AND NUMBER OF CHILDREN		
LOAN FEES	FOR STUDENT LOAN BORROWERS, ACTUAL OR AVERAGE LOAN ORIGATION AND INSURANCE FEES		
TOTAL , Excluding Allowances based on actual institutional charges Per Month: Per Year:	\$ 938 / MO \$ 8,442 / YR	\$ 464 / MO \$ 4,176 / YR	\$ 1,528 / MO \$ 13,752 / YR

¹ Includes all mandatory fees.

² The breakdown for this category is as follows: books (\$774), educational supplies (\$180), course material fees (\$162), and computer-related expenses (\$198), excluding the costs associated with the purchase of a personal computer.

³ Includes food, snacks, meals on campus, household supplies.

⁴ If contract is for less than nine months, adjustments may be made at the rate of \$358/month or fraction thereof.

⁵ Includes dorm charges, rent, and utilities.

⁶ Includes travel to and from parent's residence and transportation costs to and from classes and work. (e.g., bus fare, gasoline, tolls, parking.)

⁷ Includes clothing, laundry and dry-cleaning, personal care, gifts, recreation, medical etc.

NOTE: The expense budgets shown on this table are based upon average expenses reported by students at the University of California, California State University, and California independent institutions, California Community Colleges, and private career schools in the 2003-2004 Student Expenses and Resources Survey (SEARS), adjusted for two years of inflation.