

# **REPORT: Cal Poly Scholars and the Cal Poly Opportunity Fee**

## **Executive Summary**

*Cal Poly Scholars was created in 2012 to provide financial support to begin to close the financial aid gap at Cal Poly. Cal Poly was then and remains today the most expensive public university in California net of financial aid. This is a critical obstacle to making Cal Poly's campus more diverse, and thus to fulfilling Cal Poly's statewide mission of educating all qualified California students.*

*Cal Poly Scholars receive financial aid to pay for Cal Poly campus fees, a technology stipend, and various means of support through advising, peer mentoring, special campus services and a residential experience that are all designed to ensure personal and academic success.*

*Results to date show Cal Poly Scholars to be a strong success – worthy of expansion. Our results demonstrate the following:*

- Cal Poly Scholars reflect the diversity of California – 85% nonwhite, almost 60% Under Represented Minority (URM; largely Hispanic and Latino)*
- Retention and graduation rates of Cal Poly Scholars have met or exceeded those of the general student population at Cal Poly.*
- The cost of attending Cal Poly has been the largest factor in suppressing enrollment of URM, first-generation, and low-income students.*

*The problem that Cal Poly Scholars helped to partially solve was our limited ability to provide adequate financial aid. While the UCs responded to cuts in state funding by increasing tuition, Cal Poly responded by increasing campus fees, which were not covered by the State University Grant (SUG, a major source of financial aid). Prior to 2014, Cal Poly did not include financial aid as a part of increases in campus fees. The cumulative result was an increase in cost of attendance less financial aid. This has been exacerbated by an annual redirection of SUG to other campuses and, before 2019, the prohibition on using SUG for campus fees.*

*Cal Poly followed the process of alternative consultation to establish the Cal Poly Opportunity Fee (CPOF). Market studies documented that the difference in cost of nonresident attendance between Cal Poly and the UCs presented a pathway to generate funds. The CPOF is a campus-based fee assessed on nonresident students, on a cohort basis. At full implementation the fee will be \$8,040 (\$2,680/quarter). During the 23-24 academic year, the CPOF is projected to generate \$23 million, of which at least 50% is dedicated to financial aid, half of the remainder to advising and student services that benefit Cal Poly Scholars and all students, and the rest to hiring tenure-track faculty with a focus on diversity. The CPOF fee and its increase over the past three academic years has not impacted applications, admissions, enrollments, or retention of nonresident students. Our yields to date, and the UCs' recently approved increase in resident and nonresident tuition and fees, indicate that the financial sustainability of the program is strong.*

*The increase in secure financing has been transformative for the program, moving us from <100 Cal Poly Scholars being added per year to approximately 900 being added per year and a running*

*population of 3,000 (~13% of total enrollment) by the 23-24 academic year. While this source of funding is sustainable, it is not adequate to assist us in providing financial aid for fees for 45% of our students, which is our goal. The success of the program indicates that expanding Cal Poly Scholars through generating additional funding from other sources would allow us to expand access, improve campus diversity, and raise achievement. Our goal is to triple the number of CP Scholars, growing to 10,000 (41-45% of the student body) and achieving Hispanic Serving Institution status by 2028. Through additional strategies, we will also grow all URM groups and take what we have learned from Cal Poly Scholars to enhance the experience, achievement and graduation rates for all Cal Poly students. Our focus during the 2021-2022 academic year is identifying a new, equally sustainable source of funding to support that expansion.*

# Detailed Report

## **Background**

While Cal Poly currently has lower tuition and fees than a UC or private university, it is nonetheless the most expensive public university in California for the students who are in greatest need, due to its limited ability to offer adequate financial aid and scholarships. In other words, highly qualified, low-income, California-resident applicants who are offered admission often cannot afford to attend Cal Poly, and often receive more generous scholarship and aid packages from other schools, particularly the UCs.

This problem is reflected in our national rankings. For example, the 2021 U.S. News and World Report college rankings show us (in comparison to other masters-level public universities in the West) as achieving the following:

- Graduation and Retention Rank #1
- Peer Assessment Rank #1
- Faculty Resources Rank #70
- Financial Resources Rank #56
- Social Mobility Rank #94

The 2021 Forbes ranking has us as the 58<sup>th</sup> best university in the U.S. (public or private, regardless of highest degree awarded) and the 21<sup>st</sup> best public university, but also shows us as being 149<sup>th</sup> out of 150 when it comes to the size of our average financial aid package.

The 2021 Wall Street Journal rankings tell a similar story:

- 189th overall university
- 52nd overall public
- 316th of 337 publics in Average Net Price less financial aid (\$21,232 - highest in CA<sup>1</sup>)
- 382nd of 796 universities in Average Net Price
- 25th public in outcomes
- >400th in resources available

Due to our limited control over tuition, over the past few decades, Cal Poly has devised multiple fees to support the hands-on pedagogy and high-investment polytechnic majors for which our campus is known. The inclusion of financial aid was considered for previous fees but was not deemed feasible until recently, when Cal Poly included financial aid in an increase in the health fee. The crux of the matter is that the CSU's State University Grant (SUG) and the state's Cal Grant Program only cover tuition and do not cover campus-based fees (SUG policy was amended in January 2019 to allow campuses to use it to cover up to 50 percent of campus-based fees<sup>2</sup>). Federal Pell grants can help, but the maximum amount of aid available from all sources for low-income Cal Poly students does not cover the

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<sup>1</sup> Cal Maritime net cost of attendance less financial aid is higher than Cal Poly but not included in the WSJ rankings.

<sup>2</sup> While SUG can be used for fees, our SUG funding is no longer adequate to cover fees and therefore, by default, only covers tuition.

campus fees and room-and-board costs. Moreover, the total SUG aid has actually fallen as Cal Poly has seen our SUG redirected to other campuses by 5% per year for the past few years.

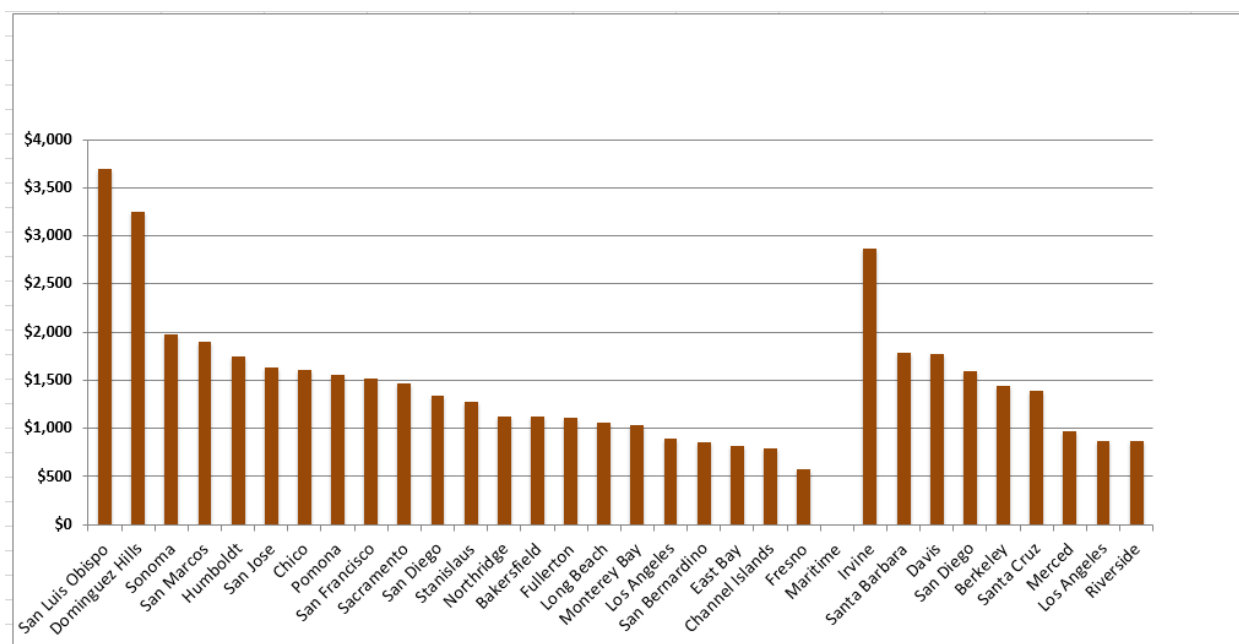
**In contrast, during preceding years the UC increased both tuition and financial aid, exacerbating the gap in cost of attendance less financial aid versus Cal Poly and many CSU campuses. The recent decision by the UC to increase tuition over multiple future years and dedicate 45% of the increase in undergraduate tuition for financial aid, which the UC itself predicts will result in a net increase in financial aid, will further worsen the gap. Prior to this increase, 55% of UC students do not pay financial aid or fees<sup>3</sup>. In contrast, 23% of Cal Poly students do not pay tuition and only 14.5% do not pay tuition and fees.**

The following comparison was presented during the alternative consultation during the winter quarter of 2018, which led to adoption of the Cal Poly Opportunity Fee (CPOF). This figure 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—Cal Poly students then paid more than \$3,500 in unmet costs. At that time, the gap between tuition/fees and financial aid was larger at Cal Poly San Luis Obispo than at any other UC or CSU – a gap that still exists today, and which will get worse as the UC increases its financial aid. The result of this gap is that low-income students, who are disproportionately URM, do not choose to apply to and/or attend Cal Poly in part because they receive more generous financial aid support from the UCs, and thus enjoy a lower cost of attendance less financial aid at a UC campus.

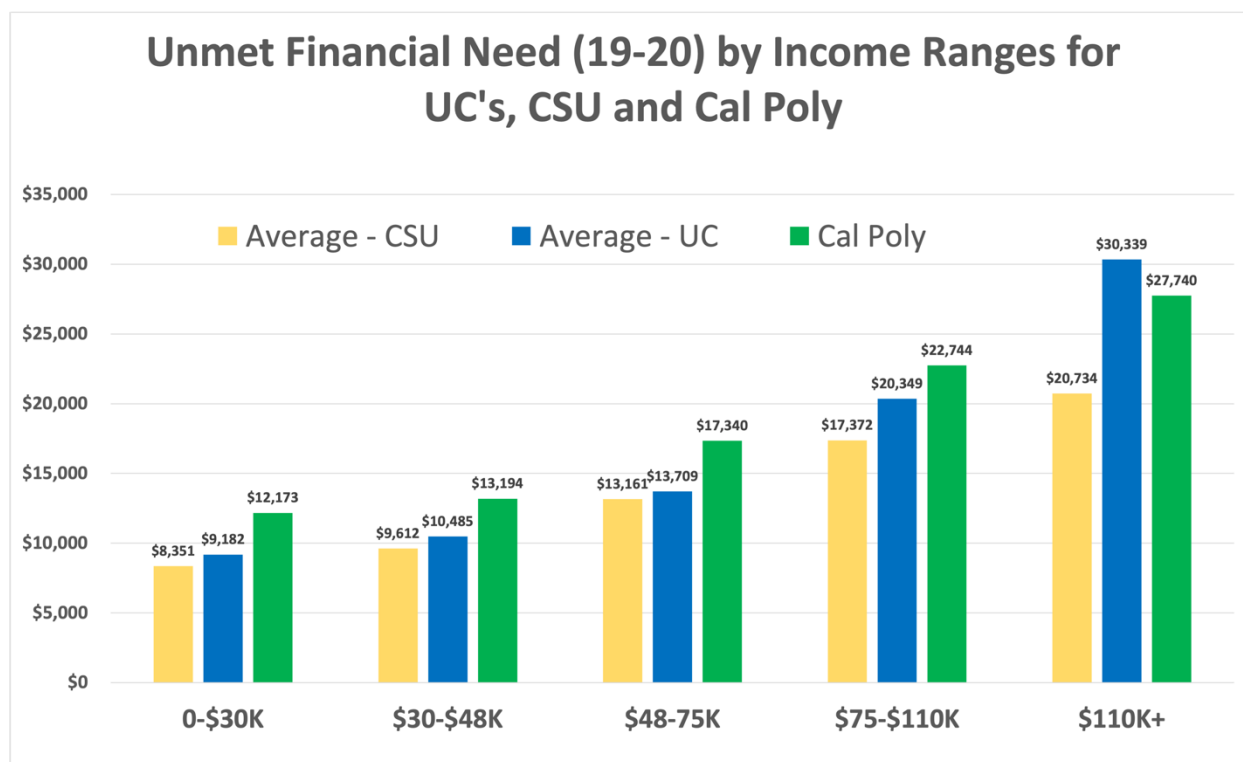
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<sup>3</sup> Source – page 6 - <https://regents.universityofcalifornia.edu/regmeet/july21/b1.pdf>

## 2016-2017 Amount of Tuition & Fees Not Met by Financial Aid



We have continued to monitor these differences. The following graph shows unmet financial need (or cost of attendance less financial aid) for various income brackets for Cal Poly compared to the average of the CSU and UC. As can be seen from the graph, the unmet financial need is higher for Cal Poly than the average of the CSU and the UC except for the highest income bracket. It is clear from the data and from communications from the UC that students from families with over \$110,000 annual income are receiving scholarships and aid. Across all income groups, the UCs have significantly more financial aid and scholarships than Cal Poly and the CSU.



### ***Purpose of the Cal Poly Opportunity Fee (CPOF)***

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

The ultimate goal of CPOF when fully implemented is to provide financial aid for campus fees for California resident undergraduate students from Partner High Schools (high percentage, typically over 66%, of students with free or reduced lunch) and with an Estimated Family Contribution of less than 40% of the cost of attendance for a California resident. The goal of Cal Poly Scholars 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 – GI2025). In addition to funding through CPOF, potential donors (individuals and companies) are provided the opportunity to contribute to the Cal Poly Scholars program, thus allowing benefits to flow to more students. All Cal Poly Scholars have been (since 2014) required to live in university housing for their first and second years at Cal Poly unless an exemption is approved. AB 540 students are eligible to be Cal Poly Scholars.

The CPOF applies only to non-California-resident students. Out-of-state students do not contribute to the California tax base from which Cal Poly's state funding comes, and therefore pay a higher amount to attend Cal Poly and other public universities.

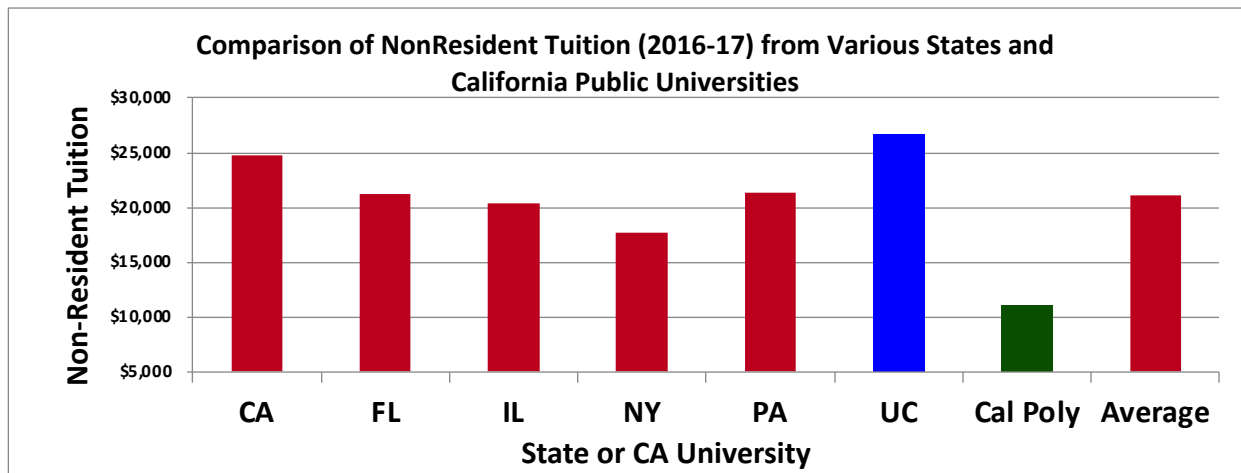
### ***History of the Cal Poly Opportunity Fee***

Cal Poly is a high-value university, which in 2016-17 was \$22,500 less expensive than the UC for nonresident students (this gap will increase with UC's recent decision to increase nonresident tuition effective fall 2022). This was derived from lower residential and nonresidential tuition as well as room and board. (Cal Poly room and board was similar to the average for the CSU and \$2,000 lower than the average for the UC.) These differences are very similar today.

The graph below shows Cal Poly's position in the market across the most populous states at the time CPOF was proposed and adopted. The data is derived from an annual calculation by the state of Texas<sup>4</sup>. They base their nonresidential tuition on the average of the states noted.

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<sup>4</sup> Current data (2018-19 – similar to 2016-17) used by Texas to set 21-22 nonresident tuition rates can viewed at: <https://reportcenter.highered.texas.gov/reports/data/tuition-rate-for-nonresident-and-foreign-students-ay-2021-2022/>



In sum, Cal Poly is an excellent education at a relatively low price for nonresident students. Cal Poly's strong market value provided this campus the opportunity to implement the CPOF. Fifteen percent of gross revenue will be returned to the CSU Chancellor's Office. Following discussions with the Academic Senate and ASI during winter quarter 2018, Chancellor White agreed that Cal Poly would return General Fund in a phased approach (year 1 and 2 – 0% of CPOF revenues; year 3 – 5%; year 4 – 10%; and years 5 and beyond – 15%). It is important to note that this is occurring in the midst of an annual and recurring 5% redirection of Cal Poly's allocation of the State University Grant (SUG) to other campuses with larger populations of low-income students and differential distribution of GI2025 funds.

Following a lengthy discussion with the Academic Senate and ASI, the President recommended, and the Chancellor approved, CPOF target expenditures to be 50% or higher to Cal Poly Scholars (financial aid) and the remaining balance split evenly between advising support for Cal Poly Scholars and support for all students (25% or less), and hiring tenure track with an emphasis on diversity (25% or less).

### **Implementation of CPOF**

Following alternative consultation and discussion/negotiation with the Academic Senate and ASI, the President submitted the CPOF to the Chancellor for implementation in fall of 2019. The fee was assessed on all newly enrolled out-of-state students — all then-current students were and are exempt from the fee.

Incoming out-of-state students paid or will pay the following based on a cohort model. Each class paid or will pay an additional \$2,010 a year and continue to pay the same annual fee during their undergraduate tenure at Cal Poly. CPOF will be fully phased in during Fall 2022.

Incoming Fall 2019 Class: \$2,010 (\$670/quarter)  
 Incoming Fall 2020 Class: \$4,020 (\$1,340/quarter)  
 Incoming Fall 2021 Class: \$6,030 (\$2,010/quarter)  
 Incoming Fall 2022 Class: \$8,040 (\$2,680/quarter)

The proposal included a provision allowing the President, following consultation with the Chancellor, to increase CPOF in years beyond 2022, if needed, to fund Cal Poly Scholars. Current market studies confirm that the combination of total tuition, campus fees and the Cal Poly Opportunity Fee for nonresident students should never exceed 90 percent of the comparable tuition and fees for the average of the UC.

In addition, the percentage of nonresident students admitted to Cal Poly was targeted at 15 percent, which was the level in 2018. Nonresident enrollment, as projected, was not reduced by implementation of the CPOF. In fact, and largely related to the uncertainties of COVID, our yield of nonresident students has been volatile (and greater than our projections), resulting in a current elevation of nonresident students to slightly above 16%. Cal Poly plans over the next few years to reduce our nonresident percentage to 15% as soon as feasible, ideally by preferentially growing low-income, transfer and overall California residents largely in high demand majors.

### **Results to Date – Cal Poly Scholars**

The Cal Poly Scholars program seeks to support and retain high-achieving students from California schools by providing financial, academic and community resources. The primary goals of the program include:

- Building a personal support network for college success
- Fostering an inclusive community of Scholars
- Developing knowledge and skills for lifelong success

Goals inherent to establishing Cal Poly Scholars were the achievement of our GI 2025 graduation objectives and elimination of achievement gaps and thus further diversification of Cal Poly's student body by exceeding 25% Hispanic and Latino students by the end of this decade.

Cal Poly Scholars was established with a first class of 14 Engineering majors in 2012. Since its inception, the Cal Poly Scholars program has expanded to include undergraduates pursuing degrees in over 50 majors across all six academic colleges at Cal Poly. One of the motivations for the creation of Cal Poly Scholars was the recognition early on that while the number of Hispanic and Latino applicants had increased significantly, the yield of low-income, high-achieving and majority minority (and also Hispanic and Latino students) was significantly lower than with other students. As noted previously, based on our research, the biggest reason Cal Poly is the least diverse public university in California is due to the high net cost of attendance less financial aid (i.e. unmet financial need).

Students are automatically considered for the Cal Poly Scholars program when they apply for financial aid by filing the FAFSA or California Dream Act application. Currently, there is no additional application process, and offers to join the program are only made after a student is admitted. Scholars are selected at the discretion of the Office of Financial Aid & Scholarships, in a manner consistent with Prop. 209 and all relevant statutes.



The program was started through campus General Funds (growth in revenue from nonresident students) and expanded development efforts. Prior to initiation of the CPOF, 426 students, first limited to First Time Freshman (FTF) Engineering majors and then expanded to all majors and transfers, were enrolled from 2012 through 2018.

Initial cohorts were based on EFC and received an annual, renewable scholarship of \$3-3,500. Following cohorts received an annual, renewable scholarship equal to campus fees up to \$5,000 due to the generosity of some donors (e.g. Northrop Grumman Cal Poly Scholars).

During their first year enrolled at Cal Poly, a \$900 technology credit is provided toward the purchase of a laptop, tablet or desktop computer. All fees to attend orientation and WOW (Week of Welcome) are waived. It is also important to note that Cal Poly added financial aid for housing in 2018 for students with an EFC <\$6000, resulting in an average of 10% housing discount.

Cal Poly Scholars has been a Learn by Doing experience. Changes have been made to make the program better. One refinement after the initial cohorts was to focus offers to low-income, high-achieving students from Partner High Schools (as previously noted, these are high schools with high percentages of students receiving free or reduced lunch--typically 66% or higher).

A second change was to require that all Cal Poly Scholars live on campus for two years, because our research suggested that doing so was associated with better academic outcomes. This has now been expanded in a phased program to require all Cal Poly FTF (optional for transfers) to live on campus for two years.

Other program components include Scholar Mentors (paid student leaders – upper division Cal Poly Scholars), proactive & intentional advising, and UNIV 100 – a required course for first-time, first-year Cal Poly Scholars that emphasizes building community, exploring campus resources and developing skills for college success. All scholars with a cumulative GPA of  $\leq 2.5$  and / or on Academic Probation/Subject to Disqualification have additional required advising interactions.

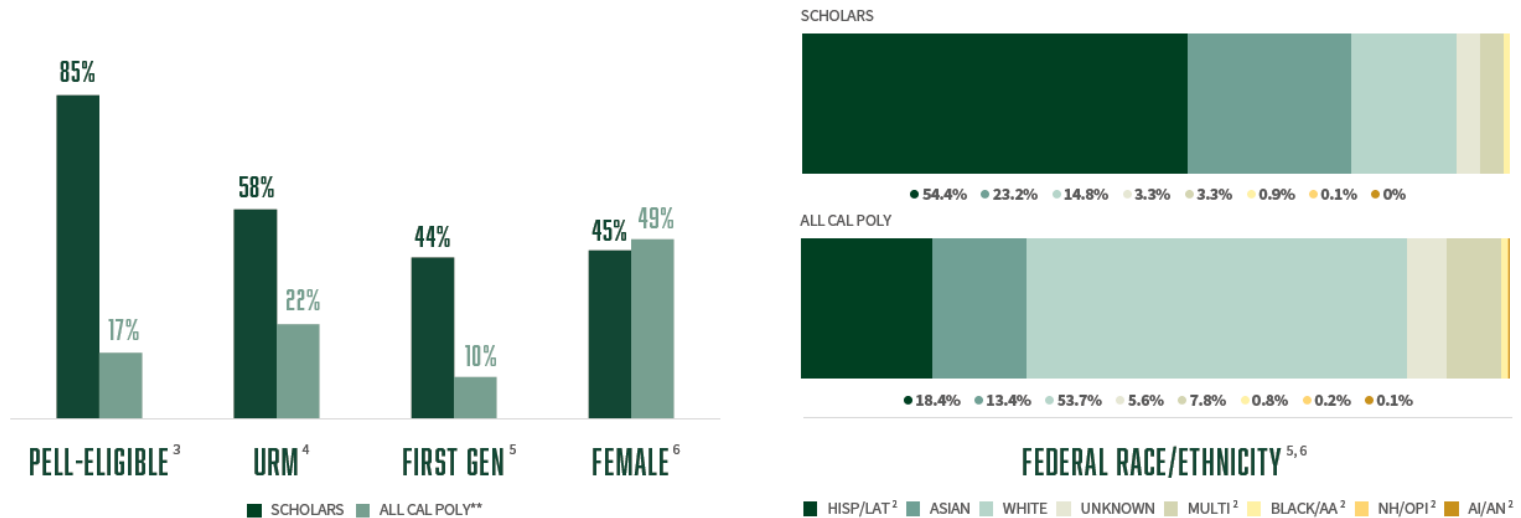
Initial cohort numbers were slightly reduced as it was important to establish our advising network prior to ramping the program up from a cohort of 90 in 2018 to the following actual and projected cohorts as funded by CPOF:

- 2019 – 277 (actual)
- 2020 – 386 (actual)
- 2021 – 657 (actual, pre-census)
- 2022 – 900 (projected)
- 2023 and beyond – 925 new per year with 3,000 total Cal Poly Scholars

The graphic on the following page depicts the demographics of Cal Poly Scholars as of Fall 2020 (n=663). Cal Poly Scholars were 85% non-white. It is important to note that Cal Poly Scholars are majority Hispanic and Latino and Asian. Cal Poly Scholars does not significantly

impact enrollment of other URM groups. It is also important to note that Cal Poly has implemented and planned several Prop. 209 compliant scholarship programs focused on growing the percentage of other URM groups. In particular, and with proper funding from donors and other sources, our goal is to grow our percentage Black population from <1% to over 4% by 2030.

## OUR SCHOLARS: FALL 2020 SNAPSHOT



683

*Scholars reached,  
to date*

191

*Degrees awarded,  
to date*

790

*Total enrollment,  
fall 2020*

<sup>1</sup> Eligible for Federal Pell Grant as of Fall 2020 (census).

<sup>2</sup> Underrepresented Minority: Federal race/ethnicity is Hispanic/Latino, Black/African American, American Indian/Alaska Native, Native Hawaiian/Other Pacific Islander, or multiracial with at least one of the prior categories.

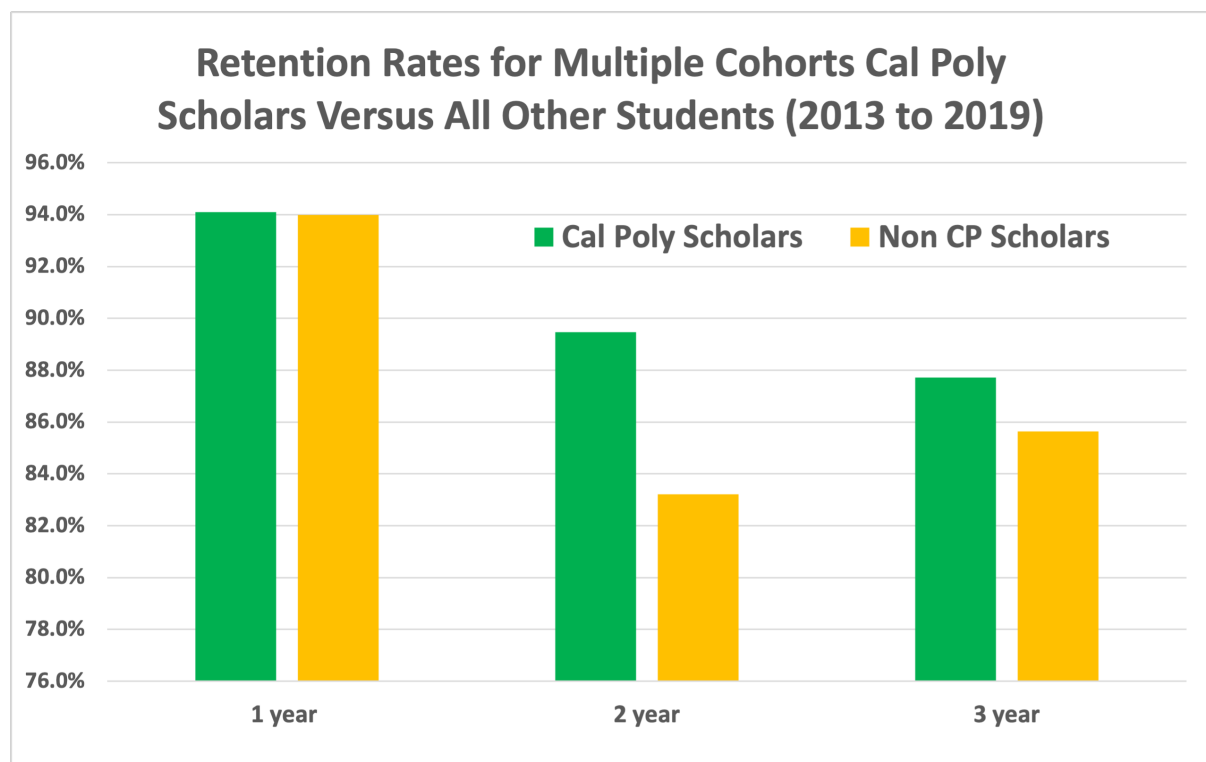
<sup>3</sup> First Generation: Neither parent/guardian attended college. Aligned with CSU Chancellor's Office definition.

<sup>4</sup> Legal sex. Remaining percentage represents undergraduate whose legal sex is male.

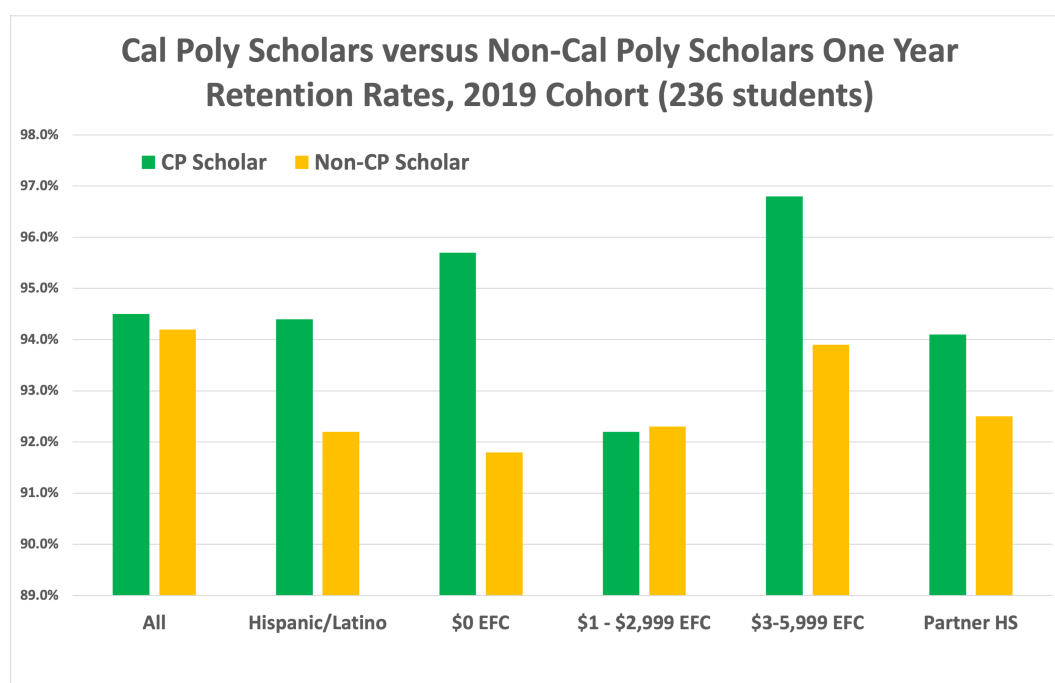
<sup>5</sup> As reported to the Integrated Postsecondary Education Data System (IPEDS). Unknown includes Non-Resident Foreign National.

<sup>6</sup> Sources: Institutional Research, November 18, 2020 / Undergraduate Enrollment Profile, December 8, 2020.

We also have strong data showing that retention rates of Cal Poly Scholars are higher or at least equal to the average of Cal Poly students. The following graph depicts 1-, 2- and 3-year retention rates from all cohorts from 2013 to 2019.



The next graph drills down into details of the first year retention of our first CPOF cohort of Cal Poly Scholars in 2019. In all but one category, Cal Poly Scholars exceeded the same group of non-Cal Poly Scholar students.



Collectively, these data are strong evidence that our retention rates will be translated into outstanding graduation rates. While preliminary, the four-year graduation rate of the 2016 Cal Poly Scholars cohort (63.2%) exceeded the rate of our general student population (59.6%).

Surveys of Cal Poly Scholars emphasize the reasons for success. The largest decision factors in selecting Cal Poly were: overall financial aid, Cal Poly Scholars aid, and cost of tuition. Over 95% of Cal Poly Scholars reported feeling supported by the program. Equally important, survey results demonstrate that programming enhanced Cal Poly Scholars' sense of belonging. Over 79% of the students reported that being a scholar "helps me feel like I belong at Cal Poly," 95% feel "the community cares about my success" and 83% "feel comfortable being myself with other Scholars."

### **Financial Report – CPOF**

The table below depicts revenue and actual or budgeted expenses. We have also included use of donor or SUG funds to support Cal Poly Scholars. The Chancellor allowed use of SUG for campus fees beginning in 2019.

As noted previously, the amount of funds for financial aid was adjusted the first two years in order to establish an advising program appropriate for success. However, the shortfall was more than made up through donations and the new ability to use SUG for campus fees, and the total amount of financial aid exceeded 50% of CPOF revenue. Retention and graduation rates to date verify the effectiveness of the program.

Donor support for Cal Poly Scholars and later program support is expected to grow due to pledges and ongoing commitments.

As planned when CPOF was created, we have allocated funds for 21-22 to support enhanced advising, diversity and inclusion (cultural) programs that will support the entire Cal Poly Community. These include establishing a Hispanic and Latino Center, a Native American and Indigenous Cultural Center, enhanced support for multiple programs including the Black Academic Excellence Center, Transfer Center and continued expansion of advising programs and the BEACoN Research and Mentoring Program.

CPOF Summary FY2019/20 - FY2020/21					
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	Actuals / Cumulative	Actuals / Cumulative	Budgeted / Cumulative	Projected / Cumulative	Projected / Cumulative
<b>Budget/Revenue</b>					
CPOF Revenues	1,901,532	6,158,443	11,348,000	17,901,000	23,057,000
<b>Total Recurring Funding</b>	<b>\$ 1,901,532</b>	<b>\$ 6,158,443</b>	<b>\$ 11,348,000</b>	<b>\$ 17,901,000</b>	<b>\$ 23,057,000</b>
<b>Expenses</b>					
<i>Cal Poly Scholars Advising and Cultural Programs</i>					
Salary/Benefits	387,258	953,041	1,230,103	1,777,168	1,922,743
Student Salaries	53,445	68,735	236,500	218,300	218,300
Operating Expenses	49,451	703,500	1,370,000	2,368,030	3,031,742
<b>Total Cal Poly Schlars Advsing &amp; Cultural Pgms</b>	<b>\$ 490,153</b>	<b>\$ 1,725,276</b>	<b>\$ 2,836,603</b>	<b>\$ 4,363,498</b>	<b>\$ 5,172,785</b>
<b>Total Scholars Adv &amp; Cultural as a % of CPOF rev</b>	<b>25.8%</b>	<b>28.0%</b>	<b>25.0%</b>	<b>24.4%</b>	<b>22.4%</b>
<i>CPOF Faculty</i>					
Salary/Benefits	253,096	1,100,212	2,837,000	4,475,250	5,764,250
Operating Expenses		4,127	-	-	-
<b>Total Faculty</b>	<b>\$ 253,096</b>	<b>\$ 1,104,338</b>	<b>\$ 2,837,000</b>	<b>\$ 4,475,250</b>	<b>\$ 5,764,250</b>
<b>Faculty Allocation as a % of CPOF Revenue</b>	<b>13.3%</b>	<b>17.9%</b>	<b>25.0%</b>	<b>25.0%</b>	<b>25.0%</b>
<i>CPOF Financial Aid</i>					
Technology/WOW/SOAR Supplement	242,821	268,151	990,900	838,800	909,900
Financial Aid	563,568	2,188,458	4,683,100	8,111,700	11,118,600
Donor Supported (FY19/20 = 155; FY 20/21 = 222)	381,659	543,391			
SUG Supported (FY19/20 = 275; FY 20/21 = 156)	450,195	275,021			
<b>Total Financial Aid</b>	<b>\$ 1,638,243</b>	<b>\$ 3,275,021</b>	<b>\$ 5,674,000</b>	<b>\$ 8,950,500</b>	<b>\$ 12,028,500</b>
<b>CPOF Funded Financial aid as a % of CPOF Revenue</b>	<b>42.4%</b>	<b>39.9%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>52.2%</b>
<b>Total Financial Aid as % of CPOF Revenue</b>	<b>86.2%</b>	<b>53.2%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>52.2%</b>
<b>Total Expenditures</b>	<b>\$ 2,381,493</b>	<b>\$ 6,104,635</b>	<b>\$ 11,347,603</b>	<b>\$ 17,789,248</b>	<b>\$ 22,965,535</b>
<b>Net of Recurring Funding</b>	<b>\$ (479,961)</b>	<b>\$ 53,808</b>	<b>\$ 397</b>	<b>\$ 111,752</b>	<b>\$ 91,465</b>
<b>CO Assessment - from GF not CPOF</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 567,400</b>	<b>\$ 1,790,100</b>	<b>\$ 3,458,550</b>

## Conclusion

The CPOF and Cal Poly Scholars program have proven successful to date as evidenced by 1) retention rates of Cal Poly Scholars matching or exceeding students not in the program, and 2) Students from Partner High Schools, Hispanic and Latino, and low-income groups in the program having higher retention rates than cohort non-Cal Poly Scholars. As projected, demand for Cal Poly by nonresident students has not declined. However, the scope for using nonresident funds for the purpose of closing our financial aid gap with the UCs is very limited. In other words, the Cal Poly Opportunity Fee was a good start, and will provide stable funding for the future, but it cannot be expanded.

The key to the future is to find additional resources (well beyond what CPOF can provide) to move the program from 3,000 to 10,000 Cal Poly Scholars. This, coupled with Prop. 209 compliant scholarships to quadruple the number of Black students at Cal Poly, will transform Cal Poly for the future. We will also grow all URM groups and take what we have learned from Cal Poly Scholars to enhance the experience, achievement and graduation rates for all students. As noted above, our focus during the 2021-2022 academic year is identifying a different, equally sustainable source of funding to support that expansion.