

Home (Not) Free: An Evaluation of the Relationship Between Housing Costs and California State University (CSU) Graduation Rates



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WRITER'S COMMENT: When my parents were my age, they made the immensely difficult decision to drop out from their respective "dream school" universities because it became too expensive for them to attend. They worked incredibly hard to ensure that my brother and I did not face a similar dilemma. When tasked by Professor Thomas Timar to research, analyze, and critique an area of education policy, I decided to study California's higher education affordability crisis. I examined the California State University (CSU) system, the largest public university system in the nation, because the success of the CSUs is essential in order to address declining college graduation rates, housing affordability for college students, and the growing workforce skills gap in California. I hope this research achieves two primary purposes: first, I hope it furthers the demand for good policy and better practice by explaining how we can work to alleviate the material hardships that prevent students from graduating. Second, I hope it makes my parents—who have sacrificed so much so that I could have the privilege to attend UC Davis—proud.

INSTRUCTOR'S COMMENT: Emma wrote "Home (Not) Free: An Evaluation of the Relationship Between Housing Costs and California State University (CSU) Graduation Rates" for POL 108: Education Policy and Politics in the Spring Quarter of 2021. The paper grew out of her concern about the lack of affordable housing for students and the impact it had on their ability to be successful. Based on her

finding that first-generation students and students from low-income families were more likely to drop out than students from higher SES backgrounds, Emma examined the current state of CSU student housing affordability and how housing insecurity is addressed at CSU campuses. It is a complicated topic, and I was worried that she would have a difficult time with the statistical analysis. It turned out to be an exceptional paper. Most importantly, Emma developed an excellent set of policy recommendations to effectively address the issues raised in her paper. I believe that these recommendations can make an important contribution to the discussions the California Legislature will have on this very important topic in the coming session.

—Thomas Timar, School of Education

Introduction

It is a well-understood phenomenon that financial burden is related to lower college students outcomes; as financial burden increases, college student outcomes worsen. Therefore, it is important to examine the relationship between housing costs and the California State University (CSU) graduation rates, as well as how to improve CSU graduation rates by alleviating material insecurity. The CSU system is the largest public university system in the nation, with twenty-three campuses (The California State University, 2017b). By examining current policy in the state of California and within the California State University system, I will evaluate how housing insecurity is currently addressed, analyze alternative solutions, and offer policy recommendations for future courses of action. Ultimately, I will advocate for administrators and policymakers to act urgently in improving graduation rates at California State Universities by working to address housing affordability.

Background: Literature Review

Understanding how material hardships—a manifestation of the college affordability crisis—affect students is instrumental in developing measures that increase college graduation rates. Material hardships, such as food insecurity and housing insecurity, affect student performance, and students facing material hardships are less likely to graduate from college. Researchers reported that college students who identified themselves as

struggling to eat enough food due to financial hardship were 22 percent less likely to earn a 3.5 GPA or higher than a 2.0–2.49 GPA (Broton & Goldrick-Rab, 2016, p. 19). Material hardships, which predominantly affect low-income students, create an unsafe environment, instill feelings of uncertainty in students, and prevent students from focusing on their academic material. Researchers Katherine Broton and Sara Goldrick-Rab proposed that universities partner with local nonprofit organizations to ensure that students have access to a “safety-net” of resources. They also recommended that universities lobby at the state and federal level for policies that increase accessibility to food resources and affordable housing in college towns and areas. Regarding Broton and Goldrick-Rab’s first recommendation, it may be prudent for universities to focus their “safety-net” resources on providing housing security to students, as monthly rent payments are more expensive than food or other material goods.

Additionally, it is imperative to establish a general understanding of the relationship between housing and graduation rates in order to articulate why policy related to college housing affordability must change. College housing presents a unique challenge as it relates to and complicates graduation rates. A case analysis conducted by Arna Nance (2016) found that commuter students at Mississippi community colleges were more likely to graduate on time than residential students (students who lived on or near campus) at Mississippi community colleges. Commuter students had a 17.7 percent graduation rate as opposed to residential students with a 10.8 percent graduation rate when graduating in two years (p. 26). This finding, while limited due to the nature of the research being a case study and the population of interest being undersized and very specific, suggests that there is a statistically significant difference in graduation rates between students who must pay for housing and students who do not pay for housing; therefore, it is plausible to infer that there may be a relationship between housing costs and graduation rates.

While there is limited literature evaluating housing and its relationship with college graduation rates, the work of Broton, Goldrick-Rab, and Nance suggest that housing in college affects college graduation rates to a statistically significant degree. This area of study must be further explored in order to create effective policy and practices to increase graduation rates.

Evaluation of the California State University (CSU) System

California is characterized by its high cost of living and expensive real estate. In the twenty-three cities that host California State University (CSU) campuses, the average home value—home value being defined as the median cost of a home from the years 2015–2019—was \$495,879, with the minimum average home value being \$242,000 in Fresno and the maximum average home value being \$1,097,800 in San Francisco. This average is far higher than the national average in 2019: \$375,500. This phenomenon can also be observed in rent prices. Observing the same twenty-three cities, the average rent—rent being defined as the median market rate per month for an individual from the years 2015–2019—was \$1,484. The minimum rent average was \$1,005 in Fresno and the maximum rent average was \$2,107 in San Jose. The average rent cost in 2019 across the United States was \$1,097—hundreds of dollars less than the average of a city that has a CSU (US Census Bureau & US Department of Housing and Urban Development, 2021).

The national- and CSU-host-city disparities only begin with the cost of living; differences in graduation rates at the national level and in the CSU system are plainly apparent as well. In the last year, 41 percent of American college students that were first-time students received their bachelor's degree within four years of enrolling at their university (Hanoen, 2021b). However, in 2019, only about 28 percent of students that were first-time, full-time students at California State Universities received their bachelor's degree within four years. Sixteen of the twenty-three CSU campuses reported graduate rates for first-time, full-time students that were under 30 percent in 2019.

UC Berkeley emeritus professor David Kirp emphasized the importance of CSU graduation rates in his statement, “If all the Cal State graduates disappeared for a day, [the state of California] would stop. Traffic lights wouldn't work, the weather system wouldn't work, there'd be no one teaching in the classrooms. There'd be no police, fires would just be burning” (Gordon, 2019). In his book *The College Dropout Scandal*, Kirp details how public policy fails to consider or address low graduation rates, especially in the state of California. Kirp went on to say that “The Cal States are California . . . if [policymakers and educators are] focused on improving graduation rates, [they should] be working

with the Cal States” (Gordon, 2019). Kirp’s assessment of the importance of CSUs is not an overstatement; in the 2018–19 academic year, the CSUs generated nearly 209,000 jobs and \$26.9 billion across the system. Researchers estimate that, as of 2019, CSU alumni in the workforce had created 747,000 jobs and generated \$88.1 billion for the state economy (The California State University, 2017a). The functions of the CSU as an educational institution and employer are instrumental to the health of the California economy; thus, it is imperative that policies and practices are created that effectively raise the graduation rates at CSUs.

Furthermore, it appears that California may be heading toward a workforce skills gap crisis. Through statistical models, analysis of historical trends, and projections, the Public Policy Institute of California (PPIC) has reported that “If current [trends in the California economy and in California college graduation rates] persist, by 2030 California will have a shortage of 1.1 million workers holding a bachelor’s degree,” with 38 percent of jobs in California requiring a bachelor’s degree but only 33 percent of Californians possessing a bachelor’s degree (Johnson et al., 2015).

Internationally, the United States ranks eleventh in most degree-holding inhabitants among nations. Just two decades earlier in 2000, the United States ranked fourth in the same category (Porter, 2013). This development only intensifies the issues presented in the PPIC report. If these trends continue and the United States continues to fail in producing large amounts of degree-holding citizens, a growing concern that the United States may be unable to compete with the rest of the globe will ensue. As the CSUs are the largest public university system in the nation, as well as when considering the size of California’s economy (The California State University, 2017b), it is reasonable for policymakers to begin with CSUs when determining how to best address these concerns and stimulate high college graduation rates in America.

Policy Analysis: Existing State Policy

The California State University system, as a public university system, is the responsibility of the state of California. It is the largest four-year university system in the state and across the nation, thus serving as California’s primary undergraduate teaching institution. The CSU system is also the most affordable public four-year university system (The California State University, 2016). Therefore, it is imperative that

there is state government involvement, federal government involvement, or both state and federal government involvement when working to address issues across the CSU system. Operating under the context that the CSU system is the responsibility of the state of California, California policymakers should be working to create initiatives and measures that will improve graduation rates at CSU campuses.

The 2021–2022 May Revision of the State Budget proposed by California Governor Gavin Newsom (Office of the California Governor Gavin Newsom, 2021) allocates \$144.5 million to support California State University base operational costs. This funding has been allocated under the expectation that undergraduate tuition and fees will not change for the 2021–2022 academic year and that the funding will partially be used to reduce gaps in equity (p. 83). The state budget is a legal instrument that empowers the California State University system.

At the state level, there is one California state policy that addresses the distance between the national average graduation rate and the CSU graduation rate. Additionally, there has been no research at the state or federal level evaluating if California’s abnormally high cost of living affects graduation rates. This is a failure of policymakers; the government should intervene because the CSUs are public universities and, therefore, state-owned entities. The lack of policy to prevent material hardship from dramatically affecting college students is a failure of the California state government.

The singular state policy, entitled Graduation Initiative 2025 and abbreviated as GI 2025, is a collaborative effort with the CSU system and strives to improve the graduation rate for both first-time and transfer students. GI 2025 was piloted in 2015 and will end in 2025. GI 2025 is characterized by its six operational priorities: academic preparation, enrollment management, student engagement and wellbeing, financial support, data-informed decision making, and [removing] administrative barriers (Office of the California Governor Gavin Newsom, 2021, pp. 83–85). Graduation Initiative 2025 is an administrative instrument used to empower CSU students by providing them the resources and assistance needed to earn their degree. At the start of the program, transfer students graduated at a significantly higher rate than first-year students (p. 84); this implies that first-year, full-time students are more sensitive to factors that negatively affect graduation rates. The 2021–2022 State Budget allocated \$15 million to develop and grow the Basic Needs Initiative, an

initiative under Graduation Initiative 2025 seeking to alleviate material hardships and burdens students experience (p. 85). While the program has not published much of their findings, it has stated that graduation rates showed improvement in the years following the program's initial start in 2015.

Policy Analysis: Consequences

While Graduation Initiative 2025 may prove to be successful, other policies should still supplement the program in order to improve CSU graduation rates. The national college dropout rate is 40 percent, and several CSU campuses report dropout rates that are far higher than this national average (Gordon, 2019; Hanson, 2021a). Relatedly, the majority of students that dropout from college—38 percent of college dropouts—do so due to financial pressure (Hanson, 2021a). As the CSUs are public entities run by the California state government, it is the responsibility of policymakers to create policy that can alleviate the financial pressure students experience and subsequently improve graduation rates.

Students who fail to graduate on time will be left with more debt than students who do (Gordon, 2019; Hanson, 2021a). Therefore, students who fail to graduate on time will continue to experience financial difficulties in adulthood; these difficulties may manifest as an inability to purchase a home, save for retirement, or otherwise develop financial assets and security. If former CSU students who did not graduate on time find themselves in this situation, they may leave California entirely due to California's abnormally expensive real estate market. Migration to nearby states like Arizona, Nevada, and Texas is becoming more common (Fulton, 2021). It is reasonable to assume that there may be a migration of former CSU students who did not graduate. However, this migration would be detrimental to California: the California workforce would shrink, the state economy would suffer from fewer dollars circulating within the state, and California could potentially lose national political power by being stripped of a congressional seat in the House of Representatives.

Policy Analysis: Alternative Solutions

The University of California (UC) system, the other four-year public university system in the state of California composed of nine

undergraduate campuses and one graduate campus, has attempted to address housing insecurity in UC students and offers a model of a potential alternative solution. In 2016, former UC President Janet Napolitano developed the Student Housing Initiative under the University of California Office of the President (UCOP). The initiative sought to expand student housing through the UCs and to accelerate the current student housing developments. The initiative allocated three million dollars to nine of the ten UC campuses—Berkeley, Davis, Irvine, Los Angeles, Riverside, San Diego, San Francisco, Santa Barbara, and Santa Cruz—and provided the campuses the flexibility to use their funding as fit to address the unique housing situation at each respective campus (The University of California Office of the President).

Currently, there is no state policy that directly addresses housing insecurity in CSU students, nor is there a policy that seeks to improve graduation rates by alleviating housing insecurity. However, the state and CSU system could potentially address this issue by building from an existing policy, Graduation Initiative 2025. By creating a housing equity and affordability initiative under GI 2025—similar to GI 2025’s Basic Needs Initiative—CSU campuses could begin addressing housing insecurity in students and working toward alleviating material hardship in students. This would be a similar approach as to what UCOP did. This initiative would work to address housing insecurity as a material hardship negatively impacting student performance and graduation rates.

To develop this proposed initiative, the state would need to provide funding to CSU campuses. Individual CSUs would also need to work with their local communities and governments in order to effectively develop housing structures and solutions that are appropriate for their respective area. In order for this change to be implemented, the California State Universities would need to lobby at the state level to gain legislative support and state funding. The CSUs would also need to create accountability measures and graduation rate improvement goals in order to effectively implement this initiative.

Recommendations

In order to effectively address CSU graduation rates and the housing insecurity issues CSU students are facing, I recommend a combination of approaches. The CSU administration should:

- Develop a housing equity and affordability initiative under Graduation Initiative 2025, with individual task forces at each campus.
- Prioritize accessibility to consumption-based resources such as food, transportation, and clothing in an effort to alleviate material hardship.
- Continue to develop CSU Graduation Initiative 2025 and strive to meet the 2025 target graduation rates.
- Engage with local community organizations and nonprofits near CSU campuses in order to equitably and efficiently serve CSU students at their respective campuses.

Developing a housing equity and affordability initiative under Graduation Initiative 2025 would imitate the UCOP Student Housing Initiative by creating a specific initiative to support students struggling with housing affordability and insecurity. I recommend creating such an initiative because it was successful for the UCs; systemwide, the UCs added fourteen thousand new housing beds for UC students (The University of California Office of the President). While that is not enough to completely eradicate student housing insecurity, it is a promising start, and these housing beds are a direct result of the UC Student Housing Initiative. Therefore, a similar initiative at the CSU level would serve students by providing affordable housing options. This would likely be an expensive undertaking—UCOP’s Student Housing Initiative was a multimillion-dollar effort and spanned over the course of four years; however, this initiative would help students, especially those most at-risk, stay enrolled and receive their degree.

Prioritizing accessibility to consumption-based resources such as food, transportation, and clothing would alleviate material hardship in students. Housing insecurity is only one form of material hardship, and students who experience material hardship often experience more than one form. Individual CSU campuses should have student pantries, student closets, and free local transportation options for students in order to alleviate material hardship related to food, clothing, and transportation. Similar to establishing a student housing initiative, I predict this would help students—with an emphasis on at-risk and other marginalized students—stay enrolled and receive their degree. A program to address these forms of material hardship would have fairly minor costs

to the CSU system, as opposed to an expensive and difficult housing initiative. CSU administrators should work with their respective student governments and student bodies in order to address the material hardship students experience.

Continuing to develop CSU Graduation Initiative 2025 and striving to meet the 2025 target graduation rates would increase the amount of degree holders in California and improve CSU graduation rates. By meeting target goals, the CSUs will increase graduation rates and allow more degree holders to enter the California workforce. Additionally, the CSUs can set new, higher targets and continue to seek improvement in their graduation rates. Preliminary data suggests that Graduation Initiative 2025 has been successful thus far, so I recommend that the California State University administration proceed as they are. I also recommend they collect demographic and academic data throughout the duration of Graduation Initiative 2025 to learn more about factors affecting graduation and initiatives improving graduation rates. As this is the course of action currently being taken, I do not predict any unforeseen consequences or tradeoffs that the CSU administration has not already accounted for.

Finally, engaging with local community organizations and nonprofits near CSU campuses would allow campuses to equitably and efficiently serve their respective students and communities. There are twenty-three campuses across the state of California, and each campus has a different community and culture. It is important that the CSUs work within their respective local contexts to best address the needs of students. I anticipate that this would be a difficult process, requiring clear communication from CSU administration, CSU students, local government, local organizations, and CSU and local stakeholders. The CSU administration would need to find community members and students interested in developing this type of work at a grassroots level in order for it to be successful. However, engaging with the community will lead to community interest in student wellbeing, thus leading to more resources, initiatives, support, and opportunities for CSU students. This would ultimately improve the graduation rates through community advocacy.

Conclusion

Previous research indicates that there is a strong relationship between material hardship and college graduation rates, with increasing material hardship leading to lower graduation rates (Broton & Goldrick-Rab, 2016; Hanson, 2021a). When considering how powerful and important to the California economy the CSU system is, it becomes necessary that administrators and policymakers seek to alleviate the material hardship—specifically housing insecurity due to California’s high cost of living—that afflicts CSU students and prevents students from graduating. I recommend that policymakers seek to implement a model similar to the University of California Student Housing Initiative for the California State Universities. I also suggest that administrators prioritize the growth and development of Graduation Initiative 2025, partner with local community organizations to create sustainable and equitable solutions for student needs, and create measures to alleviate other forms of material hardship. The consequences of inaction are extreme: in the near future, the California workforce may not be able to meet the needs of the California economy due to a lack of degree-holding workers in the state (Johnson et al., 2015). Due to the importance of the CSUs as educational institutions, employers, and producers of the workforce, it is imperative that administrators and policymakers seek to alleviate hardship caused by housing insecurity in students and provide students access to affordable, equitable housing. CSU students deserve the opportunity to attend their university unburdened by housing affordability issues and material hardship.

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