CALIFORNIA COMMUNITY COLLEGES
MAKING THEM STRONGER AND MORE AFFORDABLE

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# Table of Contents

Foreword ........................................................................................................................................... *iv*
Executive Summary ....................................................................................................................... *vi*
Introduction .....................................................................................................................................1
Key Issues and Questions ..............................................................................................................5
Non-Fee Dimensions of Affordability .............................................................................................7
How California Community College Students Finance Their Attendance ............................... 12
Fee Increases and Enrollments .................................................................................................... 31
The Role of Cal Grants ................................................................................................................. 41
Summary of Major Conclusions and Recommendations .......................................................... 46

Appendix A: Textbook Costs and Strategies to Contain Them .................................................... 53
Appendix B: Rough Cost Projections for Cal Grant and Fee Matching Funds Policy Recommendations ........................................................................................................ 57
References ...................................................................................................................................... 61
About the Authors .......................................................................................................................... 65
Acknowledgements ....................................................................................................................... 66
About the National Center for Public Policy and Higher Education ........................................ 68
Foreword

Since the adoption of its Master Plan for Higher Education in 1960, California has sought to provide an opportunity for higher education to all adults who could benefit from it. The state’s community colleges serve as the cornerstone of this policy and as the entry point to education and training after high school, including academic degrees and workforce preparation. These colleges now serve some 2.5 million Californians. To assure accessibility to community colleges, California has relied primarily on geographical proximity—having a college within commuting distance of most Californians. And to assure affordability, the state has kept student fees or tuition to an absolute minimum.

The need for accessible and affordable community colleges is more critical than ever as California confronts the demographic and economic challenges of the early 21st century. However, the strategies of the past may not be sufficient to meet the needs of low-, or even moderate-, income students who must finance their education and support themselves in regions with some of the highest costs of living in the country. Today, the historical focus on access and affordability must be reinforced by a renewed emphasis on student success—on the attainment of students’ degree, certificate, and employment objectives. Even if students have access to college, their success is too often jeopardized by their need to work excessive hours to meet the costs of housing, food, health care, childcare, transportation, textbooks, and supplies. It is these essential living expenses that have risen most dramatically in California and that comprise the current barrier to community college affordability and student success. In short, the issue of community college affordability must be broadened beyond the traditional preoccupation with student fees. Higher education finance policy must place greater emphasis on student financial aid from federal and state sources. And it must reinforce this emphasis with stable fee policies that are related to the income of Californians and that benefit students—not just the state treasury—when fees are increased.

In California Community Colleges: Making Them Stronger and More Affordable, William Zumeta and Deborah Frankle analyze the ways in which California community college students pay for college and related expenses, as well as the state policy and finance frameworks that both support and impede
student success. Some of their recommendations for increasing student success raise serious questions about the conventional wisdom around community college affordability. Their analyses and proposals merit the immediate attention of state policymakers and community college leaders.

William Zumeta is a senior fellow of the National Center for Public Policy and Higher Education. He was in residence at the National Center during 2005–2006, when this study was conducted. Deborah Frankle was a policy analyst at the National Center during the course of this study. This study was conducted at the request of the William and Flora Hewlett Foundation. On behalf of The National Center, I extend our appreciation to the authors for this important contribution to a critical public policy issue and to the William and Flora Hewlett Foundation for financial support of this project.

Patrick M. Callan
Executive Summary

The California Community Colleges (CCC) were created to provide affordable access to high-quality education beyond high school for anyone seeking to advance their careers, expand their knowledge, or improve their opportunities through higher education. Forty years after their inception, these institutions enroll more than two-thirds of California’s college students. They are the primary entryway to higher education for the vast majority of people, particularly for those with lower and modest incomes, as well as for students of color in the state.

Over the past four decades, the importance of college has increased dramatically, particularly in the last decade as the global, knowledge-based economy began to have broader impact on the level of education needed for individual success, community vigor, and statewide economic growth. Within cycles of state budgets that have shifted between surplus and shortfall, many California policymakers have sought to preserve the affordability of the CCC system primarily by keeping fees low, and secondarily by seeking to develop adequate levels of financial aid. During austere budget conditions, the CCC system has sought to maintain quality and access even as fees were increased.

At this key juncture of global opportunity and competitiveness, it is crucial to revisit the effectiveness of statewide policies in assisting the community colleges in meeting their mandate for affordability and access in light of today’s students and the public’s needs. For example:

- How effective are California’s strategies in assuring college affordability, particularly for low-income Californians?

- What sources of financial aid do students use, particularly in comparison with students in other states?

- What are the effects of recent state and systemwide policy changes, such as revisions to the Cal Grant program, increases in fees and fee waivers, efforts to enhance financial aid administrative capacity, and budget cutbacks?

- How effective are the state’s recent efforts to inform students and prospective students about state financial aid opportunities?

- How are financial aid and fee policies related, and how might they be
modified to better meet student needs and maximize the impact of state resources?

This report presents the findings and policy implications of six months of research and analysis of these and other issues concerning the affordability of the California Community Colleges for students and their families.

**MAJOR FINDINGS**

1. **Affordability is a serious problem for many community college students, and fees are not the main cause.**

   Fees represent less than 5% of the total attendance cost for the typical community college student who is not living with parents and who is paying fees. About 52% of full-time community college students (nearly 29% of all community college students) have their fees waived due to financial need.

   Non-fee attendance costs facing community college students have grown much more rapidly than the state’s general cost of living in recent years. For example, rental housing costs comprise the largest share of student budgets and grew nearly 25% from 2000–2005 in California, compared with an overall inflation rate of 16% in the state. Textbook and supply costs increased by 31% during the same period. Costs for medical care and child care also outpaced general inflation by a large margin, yet they are not adequately taken into account in financial aid calculations.

2. **Cal Grants are not keeping pace with student financial needs.**

   Access grants under Cal Grant B (the primary Cal Grant vehicle for assisting community college students in paying for attendance costs beyond fees) have fallen far behind the overall growth in attendance costs. The nominal value of the access grants has increased just 15% over the past 20 years. Using the California Consumer Price Index (which substantially understates the growth in costs that college students face) to estimate the purchasing power today of the original access grants created in 1969–1970, the maximum award would today be worth $5,190 instead of the current $1,551. This inadequate aid level discourages both enrollment and persistence of needy students.

   Cal Grant Competitive awards are available to students several years after high school graduation and have attracted a large number of applicants
since their implementation in 2000–2001. However, the number of annual new awards has not been increased since the program’s inception. Although community college students received 77% of Competitive award offers in 2005–2006, this represents only 18% of eligible community college applicants for these awards.

3. California and its students are missing out on substantial funding from federal financial aid sources.

California community college students, compared with their peers in other states, are substantially less likely to apply for and receive federal grants and loans (as well as state grants), although their total costs of attendance are comparable. More than half of full-time CCC students have unmet financial need after their expected family contribution (EFC) and all aid are taken into account. The unmet need is greatest among the lowest-income students. Only about 15% of California community college students who are enrolled for credit receive Pell Grants, compared with 25% of community college students in other states. California students are even farther behind their peers in access to federal loans: 6% compared with 17%. These aid receipt gaps apply to both full- and part-time students and to students dependent on parents as well as those who are independent. An important reason for these gaps is the long-standing perception that low fees and fee waivers largely eliminate affordability problems for California community college students, a perception which has in turn led to insufficient attention to financial aid.

Because of federal Pell Grant rules that discourage very low tuition, the latest community college fee reduction by the California Legislature, which takes effect in spring semester 2007, will likely result in some $20 million annually in reduced Pell Grant support for some of the state’s lowest-income students, according to estimates by the Legislative Analyst. California students and families also forego substantial sums in federal tax credits, which could be claimed if fees were higher, and then used to offset educational costs.

One key consequence of inadequate aid is that the work commitments of California community college students often come at the expense of their education. Research shows that employment while in college negatively affects grades and educational progress when work hours exceed 15 to 20 per week. In California, about 80% of community college students work, and the average amount worked is 32 hours per week (23 hours for full-time
dependent and 29 hours for full-time independent students; more for part-
time students).

4. Statewide efforts to increase student use of federal financial aid have resulted in modest improvements.

According to national survey data, California community college students’ participation in federal grant and loan programs (as well as in Cal Grants) was modestly higher in 2003–2004 than in 1999–2000 (the previous year for which this data was available). This is likely one result of the large infusion of state funds for financial aid capacity building and outreach provided under the Board Financial Assistance Program (BFAP) beginning in 2003–2004. The CCC Chancellor’s Office reported a gain of about 20,000 in the number of students receiving Pell Grants between 2002–2003 and 2004–2005 (latest year available). While these trends are promising, they represent a gain from only 8.9% to 10.6% among students enrolled for credit, meaning that there is very likely a large potential for additional growth (although not all credit students are Pell-eligible).

5. Student fees are the lowest in the nation, and fee increases need not necessarily reduce enrollments.

Revenues from student fees in the California Community Colleges are the lowest in the nation. Fee levels were about one-third of the national average before the Legislature’s recent fee rollback. Although comparable cross-state data is not available, it is widely believed that the system’s total revenue per student (state and local funds plus fees) is well below the national average, in large part because of low fee revenue.

Fee increases in 2003–2004 and 2004–2005, from $11 to $26 per credit overall, were accompanied by a headcount enrollment decline between fall 2002 and fall 2005 of about 8% (2% in full-time equivalent students). However, analyses by the Chancellor’s Office and the authors reveal that the types of course offerings that were reduced due to budget cuts played a significant role in these enrollment losses. Enrollment declines began in spring 2003 after sections were reduced by 5% over the 2002–2003 academic year and before fees were increased in fall 2003. Enrollment losses were largest among older and part-time students, who are least likely to seek fee waivers or other financial aid, and who are most likely to enroll in occupational and nontransfer courses. Because these courses are more commonly taught
by temporary faculty and are generally more costly to offer, they suffered
the largest cuts and still have not recovered fully. Enrollments fell the least
among younger and transfer students, in part because the offerings of transfer
and nonoccupational courses that they tend to take were reduced less and
restored more quickly. These students are also more likely to seek fee waivers
and other forms of financial aid. The enrollment of students aged 18 to 19
years increased modestly during the period of budget cuts and fee increases,
although probably less than would have occurred otherwise.

POLICY RECOMMENDATIONS

The California Community College system appears to be underfunded, and
its low performance with regard to student persistence and success evidently
suffers accordingly. A recent study by the Public Policy Institute of California
(PPIC) indicates that, taking students’ initial objectives as reflected in their
first-year course taking into account, rates of persistence to the second year,
degree and certificate completion, and transfer to four-year institutions
are quite low. Six years after initial enrollment in a California Community
College, only 26% of students from the 1997 entry cohort who took mostly
transfer courses in their first year had successfully transferred to a four-year
college or university, while another 6% had completed an associate’s degree
or certificate. Only 11% of those whose initial course taking was vocationally
oriented had completed a certificate or degree or transferred within six years
of entry.

These low rates of student success are likely linked to well-known
shortages of support services, as well as the existence of fiscal incentives
that value enrollment over persistence and the achievement of educational
goals. New fee policies and targeted resources are needed to preserve the
affordability of the community colleges, maximize the return on state and
student resources, and improve student success.

Recommendation #1

Increase annual fees modestly from the current $20 per credit, and match
the increase with additional state appropriations.

Current CCC fees and fee revenues are very low when compared with other
states. In addition, fee waivers for the financially needy ensure that they
do not pay fees. If fees were increased, most students who pay fees would
have access to additional federal aid and tax credits as a result. Matching the additional fee revenue with increased state appropriations would help offset the reluctance of college leaders and state policymakers to advocate for necessary fee increases by creating greater impact in return for the difficult step each must take.

All new revenue should be directed to the colleges as specified below.

Recommendation #2

Link the increases in fees and state appropriations to the annual growth of state personal income per capita.

The annual growth in personal income per capita, which averaged 4.36% from 1996 to 2005 in California, is a good indicator of affordability for both fee-paying students and the state. Annual increases of this magnitude over the next decade would imply an increase in fees of $0.87 per credit in the first year and $1.23 per credit in 2015–2016. For a full-time student taking 15 credits, this would represent a total in increased fees of $26.10 for the 2007–2008 academic year. Under these assumptions, the per-credit enrollment fee in 2015–2016 would be $29.37.

Recommendation #3

Direct the increased fee revenues toward improving student persistence, completion, and transfer.

Funding programs targeted at these goals at increased levels should be clearly linked to demonstrated improvements in their performance over a reasonable period of time. Students paying increased fees should thus see benefits to the quality of their education.

Recommendation #4

Direct new appropriations (state’s match) to enhancements in financial aid outreach and capacity building and, to the extent these resources permit, to a new California Community College grants program.

The infusion of funding for financial aid capacity building and outreach through the Board Financial Assistance Program (BFAP) appears to be showing results in terms of increased rates of participation in federal financial aid programs. We recommend that the state continue to provide at least the current level of funding (adjusted for inflation) for this effort. An increase
in BFAP’s funding may well be justified, but this should follow a thorough investigation of the more successful practices in use across the 109 colleges and how to disseminate them. We found evidence of substantial variation in recent Pell Grant participation gains across the system and promising practices that appear to be replicable in use at a few of the more successful campuses we visited. One practice that should be tried at least experimentally is to link the fee waiver more firmly to the provision of information and assistance for accessing federal and state aid programs, including assistance with the Free Application for Federal Student Assistance (FAFSA). For instance, students could be provided information and, if they chose not to complete the FAFSA, asked to sign a statement indicating that they had been fully informed about these opportunities before receiving a fee waiver. In any case, an increase in BFAP funding should be tied to strong performance accountability requirements that primarily emphasize gains in student receipt of federal aid.

To the extent that there are funds remaining from the state’s match, a new California Community College grants program should be designed to help colleges meet the specific financial aid gaps and needs common among their students. Unlike the University of California and the California State University systems, the California Community Colleges have no aid resources of their own (except for small private funds at some colleges). Support for the BFAP administrative capacity building proposed above may first be necessary if colleges are to create the capability to mount their own aid programs rather than simply administering federal programs and Cal Grants.

Recommendation #5

Increase the state’s investment in Cal Grant awards.

In order to assist students in meeting the increasing costs of attendance outside of fees, the state also needs to make direct investments in its own student aid program, Cal Grants, through the following two means:

*Increase the value of access grants to a level that provides more meaningful assistance to needy students.* The access grant maximum is currently about 30% of its original 1969–1970 value, and is no longer providing the level of financial assistance originally intended by the Legislature. In addition to regular increases linked to inflation, a substantial one-time increase in the access grant level amount is needed. (Specific suggestions are provided in the recommendations section of the report.)
Increase Competitive awards available to students (in all segments) annually to at least reflect growth in the number of eligible applicants for the awards. By supporting such growth only, the state would continue to serve about 18% of eligible community college applicants for the Competitive awards. Considering the costs of having an uneducated population and the tax-related and other social benefits of having one that is more educated, however, it is in the state’s interest to increase funding beyond this level and move toward, for example, serving at least 25% of the eligible community college applicants.

CONCLUSION

In today’s global economic climate, the California Community Colleges are a crucial resource for the state’s economic competitiveness and social progress. As the primary access point to higher education for most low-income students and students from California’s rapidly growing populations of color, the community colleges must remain accessible and be provided with the incentives and resources they need to ensure higher rates of student success. This report examines how the colleges can achieve these goals without placing the entire financial burden on state taxpayers.
Introduction

In California, with its long history of tuition-free (or more recently low-priced) higher education, “affordability” has always been conceived largely as keeping fees\(^1\) as low as possible. In the California Community Colleges (CCC), a system explicitly designed to be accessible to almost everyone, state residents did not pay fees at all until 1984, when an enrollment fee of $5 per credit was imposed in response to a state budget crisis. By 2004–2005,\(^2\) this fee had reached $26 per credit—still the lowest community college tuition rate in the country—with all incremental increases to that point occurring grudgingly during state fiscal crises (California Community Colleges Chancellor’s Office 2005a, 8). The low-fee regime has probably had some effect on access: There is a modest inverse correlation between tuition/fees and participation rates (enrollment divided by younger adult population) at the two-year college level across the states, and California’s community college participation rate is very close to the highest among them (Figure 1).\(^3\)

Yet at this point in the history of the California Community Colleges, it seems worth pausing to reexamine whether fees in the current range are the key to affordability, and whether they are, on the whole, in the best interest of these institutions and their students. If access to quality educational opportunities for those who cannot afford to pay is the primary policy goal, perhaps “fee policy” should be reframed as “quality and affordability policy” so policymaking can take into account both quality issues and non-fee dimensions of student affordability. Pertinent to quality is the fact that total funding per student for California’s community colleges appears to be well below national norms, which for the most part results from very low levels of

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\(^1\) In California, the term “fees” is used in place of the term “tuition” used elsewhere. At one time, this difference in terminology reflected the fact that fee revenue was not used to cover direct instruction costs, but that is no longer strictly true.

\(^2\) The FY 2007 state budget act reduced the fee to $20 per credit effective in spring term, 2007.

\(^3\) The bivariate correlation is –.42, which associates this relationship with about 18% of the interstate variation in participation rates. Other variables would need to be taken into account, however, before conclusions could be drawn about causation. Wyoming, which has only one four-year institution, has the highest community college participation rate among the states.
Recent evidence also suggests that rates of student persistence and progression in the CCC system and transfer to baccalaureate institutions overall are distressingly low (Sengupta and Jepsen 2006, 14–19; Shulock and Moore 2007).

It is important to recognize that, even for the average full-time California community college student paying full fees, these fees represent only about 5% of his or her estimated cost of attendance (California Student Aid 2004).

Reliable state comparisons of funding per full-time equivalent student (FTES) are difficult to make, because the national source for higher education data, the U.S. Department of Education’s Integrated Postsecondary Education Data System (IPEDS), does not capture non-credit enrollment and suffers from wide variations across states in how part-time and full-time students are counted. Consequently, enrollment and revenue figures cannot be adequately matched for comparison purposes. It is widely believed that, on a per-student basis, combined state and local funding in California is close to the national average, but the amount of CCC revenue derived from fees is the smallest in the United States, bringing the total funding per student to a comparatively low level. A thorough study of the comparative status of CCC funding relative to other states would be beneficial.
Commission 2005a). Estimated textbook costs are roughly equal to fees, and few Californians would doubt the impact of housing, transportation, and health care costs, along with recent inflation in these sectors, on students. Moreover, thanks to the efforts of state policymakers and the community colleges themselves, financially needy students need not pay fees—they can access the state-funded Board of Governors’ (BOG) fee waiver by means of a simple, brief, and readily available form. Depending upon specific family circumstances, students with incomes well into the middle-class range can be eligible. Recent outreach efforts have increased the number of BOG waiver recipients substantially. They now represent about 29% of community college students enrolled for credit. About 42% of all credits taken have the associated fees waived. Fifty-two percent of full-time students in 2004–2005 had their fees waived. Broader financial aid efforts are needed to help needy students cope with their other, often daunting, non-fee costs of attendance, and indeed such efforts are already helping in some measure, as will be shown.

We believe it is time for state policies regarding support for the California Community Colleges and their students to take a broader view of the most pressing issues. These colleges are absolutely crucial to the state’s economic and social prospects at a time when higher education is key to economic prosperity as well as to social equity and comity. The community colleges enroll about two-thirds of the state’s undergraduate credit-seeking students—the highest such proportion in the country—and they are the primary

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5 For part-time students, the share of costs of attendance covered by fees is smaller because the total amount of fees is lower. The percentage cited above applies to students who are not living with their parents, which is the case for a substantial majority of CCC students. For full-time students living with parents, financial aid budgets put fees at about 7.5% of total expenses, primarily because imputed housing costs for these students are lower.

6 Students demonstrating need on their Free Application for Federal Student Aid (FAFSA) are eligible for a full BOG fee waiver. For example, a full-time married student with one child and joint income of $83,000 would demonstrate $180 in need ($14,442 cost of attendance minus $14,262 expected family contribution) and be eligible for a full fee waiver.

7 Recent reports indicate that the growing demand for a highly educated workforce in conjunction with population shifts toward demographic groups with lower education levels will lead to future declines in skills and incomes for Californians. To avoid such a scenario, substantial improvement in educational attainment for particular demographic groups, most notably Hispanic youth, is needed. See Campaign for College Opportunity 2006; National Center for Public Policy and Higher Education 2005a and 2005b.
access point to higher education for the state’s burgeoning populations of Hispanics and other persons of color, as well as for students from modest circumstances generally. It is imperative that the community colleges perform their increasingly critical economic and social roles effectively and that students be able to access and progress successfully through the educational opportunities they provide. In this report, we explore these important matters and pertinent evidence with a primary focus on the initial charge provided to us by the Hewlett Foundation: to study the many dimensions of community college affordability in California, relevant trends in these, and related policy implications.
Key Issues and Questions

What are the key non-fee dimensions of affordability, and how do they affect students?

As discussed above, even at 2005–2006 levels, fees represented only about 5% or less of estimated cost of attendance for typical California community college students, so it is important that we understand the non-fee dimensions of students’ costs, trends in these, and how problematic they are relative to students’ financial resources. The short answer is that non-fee costs of attendance, such as textbooks and rental housing, are generally climbing rapidly.

How do California community college students finance their attendance?

To understand affordability, we need to understand students’ finances. Because community college students are quite disparate in age, family circumstances, attendance patterns, and the like, this disparity implies disaggregating the nearly 2.5 million CCC students in meaningful ways. We used national survey data to compare the attendance financing patterns of California community college students in 2003–2004 with those of two-year college students in other states in the same year, and with their California counterparts from four years earlier (1999–2000). Our findings reveal both some positive trends in affordability and some serious remaining challenges.

Are the California Community Colleges and their students taking full advantage of student financial aid programs, particularly federal aid?

Traditionally, because of their history of no or low fees, many of the California Community Colleges have not strongly encouraged students to seek financial aid, such as federal Pell Grants, subsidized student loans, and state Cal Grants, which could help them defray non-fee costs of attendance. Beginning in 2003–2004, mainly as a response to the fee increases of that year, the state and the colleges have allocated substantially greater resources to this effort. It is time to assess the results and identify lessons learned and continuing challenges.
To what extent are fee levels related to the amount of federal student aid that CCC students obtain? Is the state taking full advantage of the federal resources available to help finance higher education in California?

Because of federal Pell Grant rules that work to discourage very low tuition, the Legislature’s latest CCC fee reduction will likely result in some $20 million annually in reduced Pell Grant support for some of the state’s lowest-income students, according to Legislative Analyst estimates.\(^8\) California students and families also forego substantial sums in federal tax credits, which could be claimed if fees were higher, and then used to offset educational costs. Policymakers should explore and consider the potential for such offsets to mitigate the impact of possible fee increases on students and families, particularly in the context of the colleges’ apparent need for increased funding of financial aid and student support programs. At the same time, policymakers must fully understand and consider the ways in which fee revenue and Proposition 98 community college funding interact if increased fee revenue is to have the desired effects.

To what extent were the fee increases of 2003 and 2004 responsible for enrollment declines at around the same time?

In the last state fiscal crisis, the Legislature increased the community colleges’ basic enrollment fee from $11 per credit in academic year 2002–2003 to $18 in 2003–2004 and to $26 in 2004–2005, where it remained in 2005–2006. Enrollments fell significantly during this three-year period, raising the question of how tight the causal connection is between fee levels and enrollments. The answer is not obvious, as other factors affecting enrollments were also at work, notably reduced course offerings and fee waivers for many students. It is important to understand these linkages as well as possible since manipulating fees (in both directions) seems to have become a standard policy response to state fiscal circumstances.

To what extent have the significant changes in the Cal Grant programs that took effect during 2001–2002 affected CCC student participation in this program?

The Legislature made various changes in the Cal Grant student aid programs, in part to provide community college students with more access to grants. After five years, it is time to assess the impact of these changes, identify barriers continuing to affect community college attendance, and explore potential remedies.

\(^8\) Federal rules may be changed in time to avoid this outcome, but such a result is by no means assured.
Non-Fee Dimensions of Affordability

Even at peak 2005–2006 levels, fees represented only a small fraction of students’ cost of attendance (if they were paid at all). Therefore, it is important to inquire into other dimensions of the affordability equation facing California community college students, because these may be pivotal in determining initial enrollment or persistence. To do this, we studied recent trends in the student budgets developed by the California Student Aid Commission (CSAC) and used by student aid offices in the CCC system. We also reviewed trends in the Consumer Price Index (CPI) of the U.S. Bureau of Labor Statistics (BLS) and the California version of this index (CCPI) developed by the state Department of Finance,9 with a particular focus on the components likely to be most pertinent to community college students.

Every three years, CSAC conducts a survey of thousands of students in each of California’s higher education segments to ascertain the costs they face as accurately as possible. This is called the Student Expense and Resources Survey, or SEARS, and serves as an important input in setting standard student budgets for the purpose of determining need for financial aid. In the years between surveys, CPI or CCPI data is used. SEARS were conducted in 2000–2001 and 2003–2004. In the latter survey, 6,377 CCC students responded, for a sample response rate of 50.8%.

Finally, because textbook costs have been a particular concern in recent years, we investigated those, along with efforts to address them, more closely.

Housing Costs

It will not surprise many Californians to learn that the overall California Consumer Price Index (CCPI) has outpaced the U.S. CPI by more than 16% over the most recent five-year period (2000–2005),10 gaining 15.8% compared

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9 The Bureau of Labor Statistics’ Consumer Price Index (CPI) measures changes in prices for urban consumers of a defined set of goods over time. The BLS reports CPI data for the United States and its major metropolitan regions. The state Department of Finance calculates the California CPI using the Los Angeles and San Francisco BLS metropolitan indices, weighted for population (68% and 32%, respectively). Projections of future price growth, used in financial aid budgeting, are made using Department of Finance statistical models and U.S. CPI growth projections.

10 All CPI and CCPI calculations use July to June figures to match California’s fiscal year and to reasonably approximate the academic calendar.
with 13.6% nationally. Certain cost components that are particularly heavily weighted in students’ budgets have grown even more rapidly. Housing costs, for example, comprised 38% of the average total expenses of full-time CCC students who were independent of their parents for financial aid purposes, according to the 2004 SEARS. This share is substantially larger than that of the general population, only one-third of whom spend more than 35% of their household income on housing (U.S. Census Bureau 2005). While many students deemed dependent for financial aid purposes by federal regulations live with parents, nearly half (49%) live separately and so incur direct housing costs, as do nearly all independent students.

According to the SEARS data, the average spending for housing during the nine-month academic year for those reporting off-campus housing costs was $5,892 in 2004, or about $655 per month. The CCPI’s rental cost component jumped by 24.5% in California over the 2000–2005 period. The CSAC budget component for off-campus housing costs was increased by 21% over these years. Thus, this large component of many CCC students’ budgets grew at rates well above general inflation.

**Transportation**

Transportation is another important item in student budgets, weighted at 10.8% for full-time dependent students and 7.8% for full-time independent students. From 2000 to 2005, CSAC increased the budget allowance for transportation by about 22% both for students living with parents and for students living on their own, which is higher than the CCPI growth rate for transportation (13.4%). Transportation is a particularly volatile index component due to the inclusion of gasoline prices, which increased 57.2% in California over the same five years. Sudden and unexpected increases in these costs, such as have occurred recently, may leave students with expenses that surpass the budget projections on which their financial aid awards are based.

**Textbooks and Supplies**

It is notable that for a typical CCC student, textbook costs alone are roughly equal to fees, which are estimated at about $774 for 2006–2007 for a full-time student (California Student Aid Commission 2005a). After fees are reduced from $26 to $20 per credit, estimated textbook expenses will be higher than fees.

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11 The housing cost percentage was even higher for independent part-time students.
12 After fees are reduced from $26 to $20 per credit, estimated textbook expenses will be higher than fees.
called “books and supplies.” The most closely corresponding category in the U.S. CPI, “Educational Books and Supplies,” increased by 31.3% from 2000 to 2005, which is more than twice the overall consumer inflation rate. Evidently because of SEARS responses, the CSAC budget allowance for books and supplies has grown by only 11.1% over the same five-year period. Appendix A presents a further discussion of textbook costs and describes efforts underway or that could be initiated to help students cope with them.

Food Costs

Food costs are estimated to average almost 22% of full-time independent students’ budgets, according to SEARS 2004. CSAC has allowed a five-year increase of 11.4% in this budget component for students living on their own. The CCPI shows a larger increase of about 14.2% in typical food costs over this period.

Other Expenses: Health and Child Care

One significant cost-of-living component—at least for many—that appears to receive too little attention in CSAC/CCC financial aid need analysis methodology is medical expenses. On the 2004 SEARS, about half of community college students reported medical expenses (excluding insurance premiums), and these averaged $483 for the academic year, or about $54 per month. The CCPI for this category increased by 25.3% from 2000 to 2005. Yet CSAC’s budgeting methodology does not represent growth in medical care costs well, instead putting these costs in a much broader “personal

13 Since 2002–2003, CSAC has included books and supplies in a broader category that also includes course material fees and computer-related expenses (but not computer purchases). This broader CSAC category corresponds more closely to the relevant CCPI category, called “education and communication” costs, which increased by 16.5% over the same five-year period. Educational books and supplies are weighted at only 3.2% within the “education and communication” CPI category (across the entire population), but comprise 72.6% of the “books and supplies” student budget category, so there are serious concerns about how well the use of the larger CPI category adequately represents changes in students’ costs.

14 It is, of course, much more difficult to estimate such costs for students living with parents.

15 This exclusion is significant for some. According to the California Health Care Foundation (2005), workers with health coverage paid an average of $492 per year for single coverage and $2,883 for family coverage. On average, premiums increased by 73% from 2000 to 2005.
and miscellaneous” expenses category.\textsuperscript{16} It is noteworthy that, of the eight major expenditure categories in CPI and CCPI calculations, medical care has experienced the largest five-year growth and is the only one not directly captured in financial aid budgeting methodology.

Child-care expenses can also be very significant for some students. According to data collected in 2003–2004 from a large sample of California community college students by the National Postsecondary Student Aid Study, about 33% have dependents (U.S. Department of Education 2006b). While all students’ dependents may not be children, it is reasonable to assume

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure2.png}
\caption{Five Year Increases in Selected Price Indices, Indexed to 2000-01 = 100}
\end{figure}

\textsuperscript{16} This broad category includes the much slower-growing indices for costs of recreation, apparel, and other goods and services. The CCPI for the “personal and miscellaneous” category thus increased by just 6.2% over the 2000–2005 period. While the CSAC financial aid budgets show significant growth in this category, the growth occurred largely through one-time adjustments in years with new SEARS data rather than through reasonably smooth annual adjustments that would better track students’ true costs.
that the large majority are. Child-care expenses are not part of standard CSAC budgets, although financial aid applicants who have children can have a special budget customized to reflect documented “reasonable expenses.”17 For those students reporting child-care expenses on the 2004 SEARS, these were quite significant, averaging $2,867, or about 20% over and above all other expenses for a full-time independent student. The California CPI does not include this category, but according to the U.S. CPI, child-care costs climbed 25.5% over the 2000–2005 period.

To sum up, life is expensive in California, and for community college students, it is particularly so. As shown in Figure 2, many of the components that weigh heavily in students’ budgets, such as books and supplies, rental housing, and—for some—health and child-care expenses, have been increasing much more rapidly than the overall price indices (CPI and CCPI) that are designed for the general population. When viewed in this context, it becomes apparent that community college fees are only a small factor in the overall student affordability equation in California, even though they get the vast majority of policy attention.

17 This process alone may present impediments to students who are parents.
How California Community College Students Finance Their Attendance*

Using data from the National Postsecondary Student Aid Study (NPSAS) covering a sample of 2,858 California community college students from 26 colleges, and 26,000 two-year college students nationwide,\(^{18}\) we examined how CCC students finance their studies compared with community college students elsewhere. The latest survey (NPSAS 04) was done in 2003–2004 (U.S. Department of Education 2006b), the second year of depressed budgets for the CCC system, the year in which fees were $18 per credit (up from $11 the previous year), and also the year when the Legislature first provided a large infusion of funds for increasing the capacity of colleges’ financial aid operations.\(^{19}\) NPSAS 04 sample sizes were sufficient for comparisons of California students with community college students in other large states: Illinois, New York, and Texas. We also compared many key data elements from the NPSAS 04 data for California with those from NPSAS 00, conducted during the 1999–2000 academic year under quite different circumstances.

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\(^{18}\) The NPSAS data is drawn from a nationally representative sample of students enrolled in postsecondary education in the survey year. Colleges are randomly selected for inclusion within strata based on institutional types (public two-year, public four-year, etc.), and students are randomly selected for participation from college-supplied enrollment lists. Based on their characteristics, respondents are statistically weighted to reflect the national student population within the strata. For California and several other states, sample sizes and sampling strategies were designed for state-level representativeness. Data in NPSAS comes from student self-reporting (work), institutional reporting (tuition, enrollment, financial aid), and federal data sources, such as FAFSA applications and records for Pell Grants and student loans.

\(^{19}\) Funding was augmented by the Board Financial Assistance Program-Student Financial Aid Administration (BFAP-SFAA), which provided a total of $46 million for financial aid staffing, capacity building, and a media outreach program to students. This total represented an increase of $38 million for a much smaller program begun a few years earlier (Bonnel 2003) and a large expansion of total funds available for these purposes.
Characteristics of California Community College Students

Table 1, compiled by MPR Associates, compares the California NPSAS 04 respondents to the CCC Chancellor’s Office (CO) official data on students enrolled for credit in fall 2003. Overall, the correspondence is quite close. Percentages of full-time and part-time students are virtually identical,20 and the shares of the different ethnic groups in the student body are very close. The only notable difference between the two data sources is that a somewhat larger share of the NPSAS respondents were in the 40-plus age range (22% in NPSAS versus 18% in the CO data), while a correspondingly lower share were in the 20–24 age range (27% in NPSAS compared with 31% in the CO data). Because our analyses are based primarily on disaggregated categories of students, this small difference has little implication for the generalizability of our findings. By any measure, the CCC student body enrolled for credit is highly diverse ethnically, is about 50% composed of students older than 24—which is the standard age threshold for defining a “nontraditional” student—and contains a large majority, about 70%, of part-time students.

Having established the close match between the NPSAS and the official enrollment data for the CCC system, we then examined some of the major demographic characteristics of the NPSAS California students and how they compared with community college students in other states as background for our comparisons of their attendance financing patterns. At 59.7%, the California system’s proportion of students of color was 25 percentage points higher than the NPSAS figure for community college students from all other states combined, and well above the next highest of our three comparison states (Texas at 51.7%). The age distribution of CCC students was quite similar to that of the other states, but California had slightly fewer students in the 20–24 age range and slightly more over 40.

Significantly, at 29.4%, the CCC share of full-time students was substantially below the national community college figure of 41.6% full time, and well below any of the comparison states. (Texas was the next lowest at 36.2% full time.) Also of note, as Table 2 makes clear, is that the California

20 The NPSAS sample, however, has slightly fewer less-than-half-time students than the Chancellor’s Office reports.
Community College system serves many students from very modest financial circumstances. Although the California students’ median income—for both dependent and independent categories—is fairly similar to the national figures (without any adjustment for California’s high cost of living), California students at the low end of the income distribution (10th and 25th percentiles) are well below the national norms in income, and rank at or very near the bottom among the comparison states.

Categories of CCC Students

Our primary purpose here is to better understand the education financing patterns of the diverse types of California community college students. After considerable investigation, we found that the most critical variables for this purpose were age, the student’s dependence status for financial aid purposes (which for most students is linked to age21), and whether the student is enrolled full time22 or part time.23 Because we were also influenced by sample size limitations, we ultimately disaggregated the NPSAS CCC respondents into five categories as follows:

- Full-time dependent students (n=569); N(weighted)=160,000
- Part-time dependent students (n=701); N=338,000

21 Students under 24 years of age are generally considered dependent unless both parents are deceased, they are married, have dependents of their own, or have veteran status.

22 For students enrolled in one college, institutional reports were used to gauge enrollment intensity. Student reports on the NPSAS were used for those enrolled at two or more colleges. For our purposes, full-time students included those enrolled for a full course load in at least one college for nine or more months of the academic year, as reported by the school(s).

23 Part-time students may be enrolled at one or more institutions for any number of months in the academic year, and have been classified by themselves or their college as enrolled part time, half time, or less than half time.
California Community Colleges

- Full-time independent students (n=307); N=71,000
- Part-time independent students, age <30 (n=528); N=249,000
- Part-time independent students, age 30 or older (n=753); N=386,000

The analyses reported in the remainder of this section utilize these categories. The percentages are based on the weighted numbers.

The major demographic differences among these categories within the CCC system are as follows.

**Gender:** Overall, 60% of CCC students were women. This proportion ranged from a bit more than half for the two dependent student categories up to 68% for independent part-time students over 30. About 66% of the independent full-time students were female.

**Ethnicity:** Table 3 shows the distribution of the NPSAS CCC students by ethnicity. In general, the ethnic differences across the different student categories are relatively modest, or, to put it slightly differently, all ethnic groups are substantially represented in all the student categories. Whites are overrepresented in the category of independent part-time over-30 students, which in part reflects the larger share of whites in the older population of California. Blacks are overrepresented among independent full-time students, but underrepresented in the two groups of dependent students. Relative to their share of all CCC students, Hispanics are overrepresented in these latter two categories (in part a reflection of this group’s rapid population growth) and even more so among independent part-time students under 30. Asians are relatively equally represented in each student category with some small bias toward the younger (dependent) categories.

<table>
<thead>
<tr>
<th>Student Category</th>
<th>White</th>
<th>Black</th>
<th>Hispanic</th>
<th>Asian</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent, Full-time</td>
<td>39.6%</td>
<td>4.9%</td>
<td>31.4%</td>
<td>16.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Dependent, Part-time</td>
<td>35.5%</td>
<td>6.4%</td>
<td>31.4%</td>
<td>15.5%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Independent, Full-time</td>
<td>37.5%</td>
<td>12.9%</td>
<td>27.8%</td>
<td>14.1%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Independent, Part-time, &lt;30</td>
<td>36.4%</td>
<td>8.2%</td>
<td>35.9%</td>
<td>13.3%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Independent, Part-time, 30+</td>
<td>47.0%</td>
<td>9.8%</td>
<td>24.1%</td>
<td>12.5%</td>
<td>6.6%</td>
</tr>
<tr>
<td>All Categories</td>
<td>41.3%</td>
<td>8.0%</td>
<td>28.5%</td>
<td>14.5%</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

Source: NPSAS:04

Marital status and dependents Overall, 33% of CCC students reported that they had dependents, and nearly half of these students were unmarried. While, as would be expected, the students over 30 were more likely to have dependents, the majority of them were married. In contrast, a large majority of the independent full-time students with dependents and independent part-time students under 30 with dependents were single. Among our five student categories, the highest incidence of singles with dependents was in the
independent full-time group at just over 31%.

**Income:** Table 4 shows how income varies among our five categories of students, based on the data respondents provided to NPSAS about their family income.$^{24}$ There is relatively little difference in the family income distributions of the two categories of dependent students. But these students are notably better off than all three categories of independent students. The lowest-income group was the independent full-time students, with a median income of $16,223—one-fourth of these students had incomes of less than $5,544 per year. The independent part-time students under age 30 were not much better off. In contrast, the median income for independent part-time students over 30 was above $40,000, and 25% of them had incomes of more than $68,392.

**English language learners:** Overall, about 26% of the CCC NPSAS 04 respondents indicated that English was not their primary language. There was relatively little variation in this across the five student categories.

**Educational objective:** Table 5 shows the educational objective indicated on the NPSAS by the different categories of CCC students. Transfer to a four-year institution was the stated objective of the largest number of respondents (42%) overall,$^{25}$ and this percentage exceeded 50% for both categories of dependent students. The portion planning to transfer was 45% among the independent full-time students, but substantially lower in the two categories of independent part-time students (particularly so in the over 30 group). These latter two groups had the highest percentages, at just under 30%, seeking an associate’s degree (but not to transfer), and the

$^{24}$ Income data was derived from the student’s federal aid application (FAFSA) when available; otherwise the data was drawn from student estimates provided on the NPSAS survey.

$^{25}$ We coded respondents’ objective as transfer even if they also indicated one of the other responses. Similarly, if a student indicated their objective was an associate’s degree, this was assumed to dominate the responses farther to the right in Table 5. The same applies to the job preparation response.
largest percentages indicating that their objective was job preparation (particularly in the over 30 group). The percentage indicating that their objective was “personal interest” was substantial at 17% overall, but did not vary much across the student categories.

Financing Patterns

Table 6 compares California’s community college students with those in the rest of the United States and the three large states of Illinois, New York, and Texas in terms of tuition/fees paid, total cost of attendance, and application for and receipt of financial aid. What is immediately apparent is that while CCC students benefit from much lower tuition than is the norm elsewhere, their overall estimated average cost of attendance (based on student budget data reported by the institutions) is not far below costs in the comparison states (except in New York, where the much higher tuition accounts for the difference). This means, of course, that California students generally face higher non-tuition costs, which can be addressed only by financial aid over and above any fee waiver a needy student may obtain. Yet the table shows that

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26. To focus more directly on those student groups of greatest policy interest, we deleted 119 students from the data file who met three criteria: 1) were enrolled less than half time, 2) were enrolled for less than a full academic year, and 3) indicated an educational objective that was not transfer, degree, job, or certificate. To better focus the financing data on full-time students, which is reported on an annual basis, we also deleted 202 students who were full time but enrolled for only part of the year. These deletions left us with 2,537 CCC respondents for the analyses of financing patterns.

27. Cost of attendance (COA) for California students is higher than the national figure in two of the five student categories, but the overall COA figure for California is decreased by the state’s larger share of part-time students.
California students’ application rates for financial aid are comparatively low.\(^{28}\) In particular, the percentage of California students who applied for federal aid was nearly 13 percentage points below the figure for all other states, and the share that actually obtained loans was very low. Importantly, the California figures on these two measures were below those for the rest of the United States for all five categories of students.

Table 7 shows the comparisons specifically for receipt of federal Pell Grants and state grants.\(^{29}\) Again the percentage of students in California receiving Pell Grants is well below the national norm, and also well below the other comparison states (except Illinois, where the difference is small), and this applies across all the student categories. With regard to state grants—Cal Grants in this context—California students’ participation is about 11 percentage points below the national norm and below that of all the comparison states across all student categories. In terms of “institutional grants or waivers” (largely BOG waivers in the California case), California is above the national and other states’ norms, and we know the California figure is a substantial underestimate.\(^{30}\) The typical amount of money involved for recipients, however, is far below the national norm (because fees are very low), and we again note that these waivers do not help students with their non-fee costs of attendance.\(^{31}\)

Table 8 shows, for each category of students, estimated student budgets, the percentage of students with financial need after their expected family contribution (EFC) is considered, and the percentage with need and the

\(^{28}\) CCC institutional reports of application and receipt rates for grants and total aid are affected by substantial underreporting of BOG fee waivers. In 2003–2004, the NPSAS data showed just 13% of students reporting fee waivers, while the Chancellor’s Office reported 26% receiving waivers. Consequently, we depend here mostly on data about other types of aid, i.e., federal grants and loans and state grants, such as Cal Grants.

\(^{29}\) It should be noted that in NPSAS, BOG fee waivers are treated as “institutional grants” even though the fee revenue lost by such waivers is replaced by the state.

\(^{30}\) See previous note.

\(^{31}\) The average institutional grant/waiver reported by the Chancellor’s Office is about $260; we assume that the NPSAS amount is higher because of bias due to underreporting.
average amount of need after all grants and all other aid are taken into account. The California students in general have similar percentages with need and similar levels of need as students in the other states, but the right columns show that, after their lower receipt of grants and loans is taken into account, CCC students generally end up with unmet need and with higher levels of such need than students in other states.

The two categories of full-time students face the worst circumstances. Fully 86% of the independent full-time students in the CCC system face unmet need after all aid is considered, compared with 76% nationally, and their unmet need averages $6,739, or $885 more than the national norm for this category. For dependent full-time students, the picture is somewhat less daunting, but 58% of them face unmet need, compared with 55% nationally, and this need averages $5,097, or $708 more than the national norm. These comparisons provide some clues as to why California Community Colleges have such a low percentage of full-time students in spite of their low fee structure. Such high levels of unmet financial need probably also play a role in the system’s low student persistence, degree completion, and transfer rates.32

**Student Work**

Given that financial aid is inadequate to meet the needs of many, how then do California community college students pay their bills? The primary answer

32 For new studies of these rates carefully disaggregated according to early indicators of student intent, see Sengupta and Jepsen (2006); and Shulock and Moore (2007).
is that, like community college students elsewhere, they work long hours. Overall, 81.5% of CCC students indicated to NPSAS that they worked, and their work hours averaged 32 per week. Table 9 (top panel) shows that even full-time students worked a good deal. Among dependent full-time students, nearly 80% worked an average of 23 hours per week, and 13% worked 35 or more hours, or essentially full time. The same percentage of independent full-time students worked, but they averaged 29 hours per week, and more than 35% worked full time. It is clearly very difficult to work this much and progress satisfactorily as a full-time student.

Understandably, part-time students worked even more—more than 80% in each part-time category, and all averaged 30 or more hours per week. Research shows quite clearly that, for college students generally, working more than 15 to 20 hours per week tends to be detrimental to grade average, credits taken, persistence, and time to completion (King 2002; Pascarella and Terenzini 2005). These effects likely apply particularly to many community college students, whose educational backgrounds often necessitate their applying more time to studies to be successful. Add to this the time demands of parenthood and/or marriage that many students experience, and it seems clear that a great many CCC students are working too much for their educational well-being.

Changes Between 2000 and 2004

Fortunately, comparisons of the NPSAS 04 data with that collected from CCC respondents in the NPSAS 00 survey (1999–2000) suggest some favorable trends. The percentage of all CCC students who applied for federal aid, while still below national norms, increased substantially, from 21% in 2000 to 36% in 2004 (Table 10), and there were strong gains in this measure across all categories of students. Similarly, the percentages receiving a Pell Grant grew from around 10.6% to 15.5%, but this increase was concentrated in the part-

<table>
<thead>
<tr>
<th>Year</th>
<th>Dependent, Full-time</th>
<th>Dependent, Part-time</th>
<th>Independent, Full-time</th>
<th>Independent, Part-time, &lt;30</th>
<th>Independent, Part-time, 30+</th>
<th>All Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>79.6%</td>
<td>33.2%</td>
<td>13.2%</td>
<td>79.9%</td>
<td>35.6%</td>
<td>81.5%</td>
</tr>
<tr>
<td></td>
<td>80.6%</td>
<td>31.2%</td>
<td>3.4%</td>
<td>81.1%</td>
<td>17.3%</td>
<td>82.9%</td>
</tr>
<tr>
<td>2000</td>
<td>86.2%</td>
<td>20.5%</td>
<td>3.6%</td>
<td>84.9%</td>
<td>39.3%</td>
<td>82.9%</td>
</tr>
<tr>
<td></td>
<td>64.7%</td>
<td>28.3%</td>
<td>5.3%</td>
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<td>49.4%</td>
<td>1.1%</td>
<td>82.9%</td>
<td>43.0%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

* Includes work-study.
Source: NPSAS:04
time student categories. There were no appreciable gains in Pell receipt among full-time students, whether dependent or independent. Loan participation rates increased somewhat, from 3.4% of the student population to 5.8%, and there were increases in all student categories except dependent part-timers. These rates remain very low, however, compared with community college students elsewhere. Rates of receipt of state grants also increased, but only from 1.7% of CCC students to 2.7%, which is still quite low by national norms.

The percentage of California community college students with financial need (after EFC) increased sharply between 2000 and 2004, from 37% to 53% (Table 11). This increase very likely reflects the escalation in living costs documented earlier.33 Similarly, the percentages with unmet need after considering all grants and all aid jumped sharply. In short, students’ efforts to obtain aid evidently were stronger in 2004 than four years earlier, and there were clearly some improvements in aid received. Yet attendance costs keep rising, and there is still a long way to go before CCC students’ financial needs are met. This “aid gap” relative to need surely affects work hours and persistence and completion rates. The perceived inadequacy or unavailability of aid also undoubtedly affects the willingness of needy students to enroll in the first place.

The data on work among California community college students in 2004 compared with 2000 shows some hopeful signs. The percentage of students reporting that they worked fell a little, from 82.9% in 2000 to 81.5% in 2004 (see Table 9). This proportion fell in four of the five student categories, but jumped 15 percentage points among independent full-time students, the most needy group. Overall, the average time worked decreased by almost three hours per week, and the percentage of students working 35 or more hours per

<table>
<thead>
<tr>
<th>Table 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of CCC Students Receiving Major Types of Aid by Student Category, 2000 and 2004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Applied for Federal Aid</th>
<th>Received Pell Grant</th>
<th>Received State Grant</th>
<th>Received Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependent, Full-time</td>
<td>50.6%</td>
<td>19.9%</td>
<td>5.3%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Dependent, Part-time</td>
<td>41.8%</td>
<td>15.8%</td>
<td>4.0%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Independent, Full-time</td>
<td>69.1%</td>
<td>38.4%</td>
<td>7.9%</td>
<td>22.4%</td>
</tr>
<tr>
<td>Independent, Part-time, &lt;30</td>
<td>41.8%</td>
<td>20.1%</td>
<td>1.4%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Independent, Part-time, 30+</td>
<td>23.9%</td>
<td>11.8%</td>
<td>1.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>All Categories</td>
<td>35.9%</td>
<td>15.5%</td>
<td>2.7%</td>
<td>5.8%</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependent, Full-time</td>
<td>36.1%</td>
<td>19.2%</td>
<td>5.4%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Dependent, Part-time</td>
<td>23.7%</td>
<td>8.3%</td>
<td>1.4%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Independent, Full-time</td>
<td>52.0%</td>
<td>39.4%</td>
<td>7.5%</td>
<td>17.3%</td>
</tr>
<tr>
<td>Independent, Part-time, &lt;30</td>
<td>21.0%</td>
<td>9.0%</td>
<td>0.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Independent, Part-time, 30+</td>
<td>10.3%</td>
<td>5.9%</td>
<td>0.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>All Categories</td>
<td>21.1%</td>
<td>10.6%</td>
<td>1.7%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Source: NPSAS:04

33 Need is based on student budgets reported by colleges and the expected family contribution (EFC) calculated in the FAFSA. For students who did not apply for aid, the EFC is estimated from income.
week also fell (by six percentage points). Work-
study participation increased and exceeded
national norms in 2004. These small gains in
reducing student work hours may be related
to the modest improvements in financial aid
participation, but it is clear there is much more
work to do on both fronts.

The work-study program provides qualifying students with paid work
opportunities on campus, which may facilitate their studies compared with off-
campus work.

Another, less positive, possibility is that the reduced work hours simply reflect the
relatively poor labor market conditions in 2004.
Are the California Community Colleges Taking Full Advantage of Available Financial Aid to Make Attendance More Affordable? What Role Does Fee Policy Play?

The Role of Financial Aid Outreach and Administrative Support

Based on the national comparisons just provided, we conclude that the answer to the first of the above questions is no. Community college attendance costs are dominated by living costs, not fees, and California is a high cost-of-living state. Yet the data clearly indicates that the CCC system is not taking full advantage of the federal student aid available. There seem to be modest favorable trends, probably related to the substantial infusion of $38 million in new Proposition 98 funds annually (beginning in 2003–2004) into financial aid administration and outreach under the Board Financial Assistance Program-Student Financial Aid Administration (BFAP-SFAA).36

Given that previously, system-wide spending on these functions was only a little more than $50 million per year, the BFAP funds represent a very significant boost. They very likely played a role in the improvements in aid participation rates between the NPSAS 2000 and 2004 surveys.

The Chancellor’s Office has published two assessments of the new BFAP efforts, in May 2005 (CCCCO 2005c) and August 2006 (CCCCO 2006), covering the 2003–2004 and 2004–2005 years, respectively. Table 12 shows the system-wide changes between 2002–2003 (before the new BFAP infusion) and 2004–2005 in the number of Pell Grants and BOG waivers obtained by students and also the percentage of credit enrollments these numbers represent. Not surprisingly, as fees increased, the number of

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit Headcount</th>
<th>BOG Fee Waivers</th>
<th>% Receiving Fee Waiver</th>
<th>Pell Grants</th>
<th>% Receiving Pell Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>2,488,631</td>
<td>459,376</td>
<td>18.5%</td>
<td>186,260</td>
<td>7.5%</td>
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<tr>
<td>2000-01</td>
<td>2,605,949</td>
<td>485,311</td>
<td>18.6%</td>
<td>193,628</td>
<td>7.4%</td>
</tr>
<tr>
<td>2001-02</td>
<td>2,769,794</td>
<td>533,715</td>
<td>19.3%</td>
<td>220,758</td>
<td>8.0%</td>
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<tr>
<td>2002-03</td>
<td>2,690,594</td>
<td>596,716</td>
<td>22.2%</td>
<td>239,927</td>
<td>8.9%</td>
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<tr>
<td>2003-04</td>
<td>2,453,486</td>
<td>639,106</td>
<td>26.0%</td>
<td>246,112</td>
<td>10.0%</td>
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<tr>
<td>2004-05</td>
<td>2,439,443</td>
<td>700,618</td>
<td>28.7%</td>
<td>259,268</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

Note: Highlighted years indicate years with additional BFAP-SFAA funding.
Source: Chancellor’s Office Data Mart, accessed 8/14/06. Credit headcount comes from special CO tabulation.

36 Of the additional $38 million in new BFAP money provided in 2003–2004, $34.2 million was used for capacity building and administration, while $3.8 million was used for a statewide media outreach campaign. In subsequent years, the media campaign has been funded at $2.8 million.
waivers also grew, by more than 100,000 (17%) over the two years, or from 22.2% to 28.7% of students enrolled in classes for college credit. Pell Grants also increased by almost 20,000, or 8.3%, over the two years.\textsuperscript{37} Among more than 2.44 million students enrolled for credit, this represented only a rather modest gain in the proportion served by Pell aid, from 8.9% in 2002–2003 to 10.6% in 2004–2005.\textsuperscript{38} Although these gains in BOG waivers and Pell Grants are notable, if the NPSAS estimate that roughly half of CCC students in 2003–2004 had financial need by federal standards is at all close to the mark (see Table 11), there is much to do to more adequately meet the needs of CCC students, not to mention those who are deterred from enrolling by the attendance costs they face.

The Chancellor’s Office report on the use and impact of the BFAP funds in 2003–2004 indicates that districts and campuses had understandable difficulties in utilizing the new resources in that first year (CCCO 2005c). The money was not made available by the state until a very short time before fall classes began and with little prior notice. On many campuses, existing financial aid staffing had been minimal and oriented toward processing aid forms, data management, and compliance reporting, not student outreach, making it difficult for schools to absorb new funds or staff productively for these purposes in a short time frame. Also, during a period of budget stringency and freezes, schools experienced difficulties in getting new hiring approved expeditiously through established personnel processes. Finally, schools had understandable concerns about investing in permanent professional staff when this “categorical” funding might not be continued, so many positions were filled by temporary student workers.

A late state budget and declining enrollments that triggered reductions in funding contributed to continued administrative hurdles in 2004–2005, including the need to “repackage” students’ aid allocations after another late fee increase and continuing difficulty in making permanent hires. One might

\textsuperscript{37} These figures are from the CCCCCO Data Mart. The August 2006 BFAP report puts the increase at more than 20,000 (CCCCO 2006).

\textsuperscript{38} Total credit enrollment includes all students enrolled in at least one course for credit at any time during the academic year, and is not an indication of the number of students enrolled in academic programs that make them eligible for Pell Grants. While the Chancellor’s Office currently uses this indicator in its published reports to measure growth in financial aid received by students, the Office is developing a more effective method to gauge financial aid outreach efforts and aid receipt among those eligible to receive such aid.
expect that most of these problems would have been resolved by the third year (2005–2006), one in which no fee changes occurred.39

Although the official 2005–2006 report is not yet available, we can draw some tentative conclusions based on interviews with Chancellor’s Office and college-level staff at a few selected campuses and by examining campus-by-campus data. While the entire system saw a 6.5 percentage point increase in the proportion of students receiving BOG waivers and a 1.7 point increase in receipt of Pell Grants from 2002–2003 to 2004–2005, campus-to-campus variation was significant. Of particular interest to us were campuses with higher than average aid gains, and we interpreted strong growth in the Pell receipt percentage as likely evidence of progress in improving financial aid outreach practices and overcoming FAFSA aversion. Though fees are not an insignificant sum for many students, particularly for those with low incomes who can qualify for fee waivers, the FAFSA is the primary means for students to obtain more significant aid from federal sources, as well as from Cal Grants to assist with non-fee costs. FAFSA is, therefore, a key tool in an adequate financial aid strategy.40

In our discussions with campus-level financial aid staff at several of the more successful campuses,41 certain themes recurred with regularity. The use of new BFAP dollars to hire professional staff rather than temporary student workers was considered critical by these campuses, with one campus citing the role of luck in navigating the extensive red tape usually involved in the creation of new positions. Where student positions were still being created, they were for clerical support and not intended for frontline contact.

We heard much from these more successful campus-level administrators about the importance of encouraging students to file a FAFSA. One college holds near-daily FAFSA workshops during which students are guided line-by-line through the complex application. Yet overcoming the messaging

39 The official report on these issues for that year will not be available until around August 2007, but senior CCC staff have indicated that although conditions have improved somewhat, challenges to permanent hiring have persisted.
40 Chancellor’s Office staff assert that growth in the proportion of BOG fee waivers results from FAFSA applications rather than from the much simpler BOG waiver application, but reliable data able to confirm this assertion is difficult to obtain because of inconsistent reporting by campuses.
41 We emphasize that these interviews were limited in number and relatively unstructured, so the findings should be interpreted as tentative only. They do, however, point to possible directions for future, more systematic studies.
around aid and the cultural stigmas attached to it is often more challenging than the application itself. Some administrators cited an aversion to grant aid as a form of charity, particularly in Latino families. One director addressed this by reframing grant dollars provided to students as an investment that will be returned to the grantor (government or society) through increased tax revenues on the student’s future higher earnings.

While the majority of staff interviewed did not find the Chancellor’s Office BFAP-funded media outreach campaign noticeably useful to their campuses,42 many employed similar methods, including radio advertising, for their own more focused outreach to their particular populations. One college mentioned the push toward a paperless office as a boon to outreach, and that BFAP-funded technology initiatives enabled the office to better stay abreast of students’ financial aid needs through such solutions as using automatic triggers to notify staff when a particular student needs attention. This college also created a one-credit transferable course designed to teach students about financial aid opportunities and how to properly budget aid received, which is taught in English and other languages. Other outreach strategies we heard about included collaboration with other student services to reach students, whether through jointly sponsored workshops or by sharing staff with the Extended Opportunity Programs and Services (EOPS) program.

**Recommendations Regarding Aid Outreach and Administrative Support**

After two years of additional funding for financial aid administration and outreach via BFAP (through 2004–2005), the still fairly modest gains in aid take-up rates (especially Pell) demonstrate the need for a concerted effort to identify, share, and disseminate effective approaches. The colleges with losses in Pell participation (six) and those with little improvement over the two years could probably learn a good deal from the colleges with strong gains in Pell participation rates.43 But this can only occur if the Chancellor’s Office makes a systematic effort to facilitate this learning process.

To thoroughly research and then take full advantage of best practices across the system may require some additional resources for the Chancellor’s

42 This observation should probably be treated with particular caution in the absence of a thorough study of the impact of this campaign on particular groups in specific locations.

43 Some care is necessary, of course, in interpreting the two-year gain figures. Campuses with strong gains might have been doing too little in the years before the gains.
Office’s financial aid operations, to be used for such purposes as research, publications for dissemination of best practices, conferences, training, and the like, accompanied by accountability standards and mechanisms. Because the colleges have strong incentives to boost BOG waiver numbers in order to help sustain their enrollments and funding, one generally applicable strategy may be to link the BOG waiver process more closely to incentives to complete the FAFSA required for federal and Cal Grant aid. This could be accomplished by mandating that BOG waiver applicants be offered a FAFSA application opportunity, along with appropriate information about the benefits of federal and state financial aid, and then be required to sign a form declining to complete the FAFSA if the student so chooses after being informed.

The very low rates of CCC student participation in the federal student loan programs also deserve attention. Although there are sound reasons to be careful about which community college students take on loan debt given the relatively low completion rates (see Burdman 2005), California’s students are much less likely to borrow than community college students in other states whose characteristics are not all that much different. Also, there are many CCC campuses where the rates of loan participation are zero or near zero, while at others the rates are much higher. Our interviews revealed a deep resistance among some financial aid personnel to making students aware of government-subsidized borrowing opportunities, as well as fears related to federal penalties if default rates were high. Increasing loan participation opportunities where appropriate would certainly require leadership and training efforts, including support for diffusion of best practices, by the Chancellor’s Office and perhaps more resources for financial aid counselors.44 The comparative data strongly suggest, however, that some such effort would be desirable.

We also suggest that the effectiveness of the media outreach campaign about financial aid that is part of the BFAP program be independently evaluated. This campaign was funded at $3.8 million in 2003–2004 and $2.8 million in subsequent years. Clearly, this is a small amount if real strides

44 One issue that merits attention is how to devise acceptable approaches to loan counseling that are not discriminatory but, instead, encourage those students with substantial need (after grants) who have demonstrated good prospects for degree or certificate completion to borrow from subsidized federal programs after they have been educated about the pros and cons of borrowing versus working more hours or dropping out. If well designed, such efforts should not lead to problematic default rates, which are indeed penalized under federal policies.
are to be made in improving the awareness and understanding of financial aid among many low-income populations across this vast state. But there should be clear evidence that the messaging is effective before the campaign is expanded. The Chancellor’s Office has made a start on such an evaluation (see Meta Research 2005). This study suggests that target groups have heard the message to some extent. It is unknown, though, whether they have acted upon the information in significant numbers.

Finally, we note that, as a categorical program, the financial aid outreach and administrative support program (BFAP-SFAA) has no formula-driven impetus to help its funding keep up with inflation. It has been essentially level-funded since its initiation in 2003–2004. In order to keep up with increased personnel salaries and other rising costs and student needs, the program’s funding should at least grow with inflation and enrollment. Because financial aid administration and outreach remain underfunded in the CCC system, more than this may be needed. Figure 3 shows how far CCC financial aid administration spending per student lags the UC and CSU systems even with the BFAP infusion. Given the population the community college system serves, its needs in this area are arguably at least as great as the other segments, although this is obscured by the continued focus on low CCC fees as the key to the colleges’ affordability.

Figure 3

Financial Aid Administrative Dollars per Undergraduate Student, California Public Postsecondary Systems, 2004-05

Source: Chancellor’s Office, August 2006 BFAP Report.
Implications of Fee Policies for Financial Aid

CCC fee policy also works to reduce students’ ability to maximize the federal aid and tax benefits they and, in the case of dependent students, their parents receive. The federal Pell Grant program has a “tuition sensitivity” provision that works to discourage very low tuition or fees by reducing the maximum grant available to students when fees drop below the equivalent of $26 per credit. The enrollment fee rollback to $20 per credit effective in spring 2007 will have the effect, according to the California Legislative Analyst’s calculations, of reducing the aid that California community college students obtain by about $20 million per year unless federal rules are changed. Much of the impact will fall on the neediest students, who tend to be the ones eligible for maximum grants.45

A fee increase to a level above $26 per credit would bring in little, if any, additional Pell Grant support, but would increase the tax credits and deductions that families with tax liability could claim. Many middle-income families who currently pay enrollment fees at the community colleges can claim the Hope Scholarship tax credit for their entire fee expense,46 and increases up to $33 per credit would still mean an after-tax fee burden of zero for eligible students. Full-time fees of up to $66 per credit would represent an after-tax fee burden of only $490 per year for Hope-eligible students. It should be noted that fee increases need not affect needy students at all as long as the state continues to provide funding for fee waivers according to current policies and students and prospective students are made aware of how to apply.

In general, both the history and the current attitudes we discovered around fees and financial aid in the CCC system suggest a continuing tendency to focus too much on low fees as the major affordability problem and on fee waivers as the primary solution. In light of the data, however, it is clear

45 In June 2006, the California Legislative Analyst’s Office (LAO) estimated that the yearly impact of the $6 decrease in per-credit fees would be $20 million in reduced Pell Grant awards for 263,000 of the system’s neediest students. In addition, LAO estimated that the reduced fees would result in fee revenue losses of $83–$107 million over an academic year. We are grateful to Jennifer Kuhn of the LAO education policy and finance staff for providing these estimates and sharing their underlying methodology.

46 However, only about 7% of CCC students/families claimed the Hope Scholarship tax credit for the 2003–2004 academic year, according to SEARS data. Of those who did not, more than half (54%) did not know about the tax credit. An information campaign could play a helpful role here.
that non-fee costs should be recognized as the larger affordability concern and aggressive steps taken to expand financial aid efforts. Later, we suggest the possibility of increasing fees in a measured way, matched by increased state appropriations, to generate a pool of funds that would expand financial aid for the attendance costs that needy students face, as well as to enhance services that facilitate student persistence and completion.
Fee Increases and Enrollments

If modest fee increases are to be considered as part of a package of policy reforms in community college financing, it is important that the relationship between fee changes and enrollments be explored. Economic theory predicts that, all other things being equal, when the price of a good or service goes up, demand for it will decline. That this relationship applies to tuition (or fee) “prices” in higher education is well documented in the empirical literature, which uses multivariate statistical models to isolate the effects of tuition from those of other variables (for reviews of this literature, see Leslie and Brinkman 1988; Heller 1997). Generally, empirical studies have found that two-year college enrollments are especially sensitive to price (Heller 1999; Kane 1999, 101–115; Ellwood and Kane 2000). Based on a fifty-state analysis covering the years 1980–1992, Kane (1999, 115) estimates that a 1% increase in price might induce a decrease in the enrollment (participation) rate in two-year colleges approaching 1%, although most studies arrive at somewhat lower “price elasticity” values. Both Kane and Heller (1999) find that state spending on need-based financial aid mitigates the effect of tuition on enrollment but does not eliminate it when the effect of a dollar of aid spending is compared with that of a dollar of price change.

Yet it is not clear how well these findings apply to the California Community Colleges. There is reason to believe that price elasticity may be less at very low prices, such as those that apply in California. Intuitively, an increase in the price of a three-credit course from $33 in 2002–2003 to the current (fall 2006) price of $78 would seem to be more manageable for students than the same percentage increase from an initial price of $234, which is approximately the national average tuition rate for a three-credit course at community colleges. Indeed, the only study we were able to find that is specific to California (Shires 1995, cited in Heller 1997) reported a price (fee) elasticity value for CCC enrollments of about one-fifth of that suggested by Kane. In short, while fee increases no doubt impact community college enrollments, the effects will most likely be modest at very low prices as long as the increases are not large in dollar terms. Because the effects tend to be larger for those with low incomes, the literature suggests that the effects can be mitigated a good deal by need-based financial aid. To our knowledge, the empirical literature has not explored the effect of fee waivers that reduce the
price to zero, as in California, but the effects should be substantial if students know to apply for the waiver.

From theory, we now turn to the examination of recent enrollment patterns in the California Community Colleges during the period of budget reductions and fee increases that occurred in the early part of the present decade. This evidence suggests that other factors, especially course reductions and the distribution of these, had at least as much effect on enrollment patterns as did fee increases.

**Setting the stage (2002–2003):** Prior to fee increases, enrollments slowed while system funding and course sections were cut.

Table 13 shows the recent history of enrollments in the California Community Colleges and indicates when changes in the enrollment fee took place.47 After steady increases dating back to the early 1990s, headcount enrollments (column 3) barely grew in fall 2002 (+0.4%) and declined by 3.1% in spring 2003. Note that this was before the fee increases took effect but also when the system was feeling the effects of a $49 million cut in total funding, which led to substantial reductions in course offerings. Course sections offered (column 5) fell by more than 5,800 in spring 2003 for a total reduction in courses available of 4.8% (CCCCCO 2005a, 12).

47 Data in this section and Table 1 come from the California Community College Chancellor’s Office Data Mart (http://www.cccco.edu/divisions/tris/mis/reports.htm) and two reports from the CCC Chancellor’s Office dated April (2005b) and December (2005a).
Fee increase from $11 to $18 per credit (2003–2004): Enrollment fell while fees increased and course sections continued to decrease.

The first fee increase in 2003–2004 was accompanied by a further decrease in courses offered, this time numbering 4,000, in the fall, followed by the recovery of these courses and a few more in spring 2004, leaving the course count at that point about 4.4% below the spring 2002 peak. The combined effects of the course cuts and fee increases were presumably the primary culprits in the further drops in headcount enrollments of 3.6% in fall 2003 and another 0.9% in spring 2004. Another significant factor was at work in both 2002–2003 and 2003–2004. The system cut back sharply in those years on special admit (K–12) students in physical education courses, accounting for more than 25,000 of the headcount decline in 2002–2003 and more than 71,400 in 2003–2004.

Headcount enrollment in spring 2004 was lower by 121,920, or 7%, than the figure two years earlier, and term full-time equivalent student (FTES) enrollment (column 1) was down 16,899, or 3.4%, over the same time period. Compared with pre-budget-cut enrollment projections (2001), the Chancellor’s Office calculated that enrollments were down by about 160,000 headcount in fall 2003 and more than 240,000, or 13%, in fall 2004 (CCCCO 2005a, 10 Table 3).

Fee increase from $18 to $26 (2004–2005): With increases in course sections as well as fees, enrollment declines slowed significantly.

The next academic year, 2004–2005, saw a further jump in fees from $18 to $26 per credit. Course sections remained steady in fall 2004, but recovered substantially (+6,036) in spring 2005 (CCCCO 2005a, 9). This left the total course count at about 1,500 (0.9%) below the spring 2002 peak. Term headcount enrollments continued to fall during this year but more modestly, dropping 1.2% from spring 2004 to spring 2005, with this term’s figure about 140,000, or 8.1%, below spring 2002.

Annual FTES enrollment counts generally tell the same story, although the

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48 Note that if the special admit K–12 physical education students are excluded, the difference between spring 2002 and spring 2004 is somewhat smaller: –5.5% in headcount and –2.7% in FTES.

49 The CCC system’s total funding increased by 9% in 2004–2005 over the previous year, but this figure was barely higher than that of 2001–2002 (without adjustment for inflation).
declines are considerably smaller than for headcounts. From an FTES peak of 504,748 in fall 2002, there was a decrease of 4.4% by fall 2004. Spring terms, which generally have lower FTES than fall terms, showed a 4.5% decrease from 2002 to 2005.

**After the increases (2005–2006):** With no change in fees or course sections, enrollment indicators showed some signs of recovery. Enrollment gains overall did not, however, translate into growth in first-time students.

The beginning of the following academic year, 2005–2006, showed some signs of improvement. Fall 2005 was the first term with an enrollment increase, albeit a small one (0.4%), since fall 2002, leaving the later term’s enrollments down 8.1% from the 2002 peak. The first increase in fall-to-fall or spring-to-spring FTES since fall 2002 also occurred in fall 2005, with a 2.3% gain in FTES over the fall 2004 term. This increase still left fall 2005 FTES down 2.1% from 2002. Course sections remained essentially flat and still slightly below the spring 2002 peak.

Understandably, CCC officials are especially concerned about trends in first-time enrollees because these students are likely to be particularly sensitive to fees and course availability, and their numbers are a predictor of future enrollment totals. Table 14 shows the trend in these (headcount) enrollments from fall to fall (left columns) and spring to spring (right columns). The majority of students enroll for the first time in the fall term, and the declines in this bellwether group were steady through fall 2005 and sobering: First-time student headcount was down by more than 83,000, or 16.3%, from the fall 2002 peak to fall 2005. The headcount and FTES enrollment increases experienced in fall 2005 were not mirrored in this group, whose enrollment declined 5.5% over the previous fall.50

The changes in all the above indicators are summarized graphically in Figure 4.

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50 The improved economy and labor market may well be playing a role here, but the large difference between the trend in first-time enrollments and that in total enrollments is puzzling.
California Community Colleges

Differences by Demographic Categories and Student Goals

The Chancellor’s Office has analyzed the recent enrollment declines by various demographic categories and students’ stated educational goals. Headcount enrollments fell for all ethnic groups. As seen in Figure 5, the declines began earliest and were largest for Native Americans and whites (–16.9% and –16.7%, respectively, from their peak enrollment in spring 2002 through fall 2005). For the other major ethnic groups, enrollments peaked in fall 2002 and then fell by fall 2005 as follows:

- Asian/Filipino/Pacific Islander  –6.4%
- African American              –5.4%
- Hispanic                      –2.0%51

51 Calculated from data obtained from the CCCCO Data Mart, accessed August 14, 2006.
The net effect of these patterns was that by fall 2005, the proportion of white students in the CCC system had fallen by 3.9 percentage points compared with spring 2002, while the proportion of Hispanic students had increased by 2.2 points, with only minor changes in the shares of other groups.\footnote{It should be noted that the percentage of students whose ethnicity was unknown or who declined to state ethnicity increased by one percentage point over this period.} These trends are broadly in line with those in the state’s population demographics. The key point, though, is that all ethnic groups experienced significant declines in enrollment.

The Chancellor’s Office also sought to analyze any differential enrollment impact on low-income students by investigating whether the number of students from low-income ZIP codes decreased more than proportionally between fall 2002 and fall 2004. It found no evidence of disproportionate impact by income (CCCCO 2005a, 23–26), which simply means that enrollments among low-income students declined similarly to those of other income groups. This trend, together with the relatively smaller enrollment...
declines among minority groups (except Native Americans), might be regarded as a silver lining in the dark cloud of enrollment declines at a time when the state needs college enrollments to grow. These trends suggest that efforts to mitigate impacts on more vulnerable population groups probably had some effect.

The most telling point regarding demographics is the sharply differential enrollment patterns over the 2002–2005 period across age groups (Figure 6). Headcount of students aged 25 and older fell by almost 140,000, or 14.4%, from fall 2002 to fall 2005, while 18- to 24-year-old students actually increased their numbers by about 10,000, or 1.3%. \(^53\) Spring term comparisons from 2002 and 2005 demonstrate similar trends: Enrollments of students aged 25 and older fell about 127,000, or 13.7%, while enrollments of those aged 18–24

\(^{53}\) Calculated using data from the CCCCCO Data Mart and data specially prepared and generously provided by the Chancellor’s Office. The gain for younger students was much smaller than the previous three-year gain of 15.9% from fall 1999 to fall 2002.
increased by 30,000, or 4.3%. These disparate patterns by age are likely related to the finding that students who indicated that their educational goal was to receive an associate degree or to transfer to a four-year institution were only slightly less numerous in 2004–2005 than in the peak year for these categories (2002–2003). The number of students who indicated goals more commonly associated with older students (to obtain a vocational certificate, other workforce training goals, personal interest), as well as those with “undecided” and “unknown” goals, decreased more sharply.54

Contributing Factors Other than Fees

These patterns offer some clues as to the influence of fee increases and course section cuts, as well as other factors, during this period of enrollment decline. While younger students seeking degrees and/or to transfer are the most likely student group to attend full time, and so might theoretically face the largest impact from fee increases, they are also the most likely to take advantage of BOG fee waivers and other forms of financial aid, in part because they have been the main target of recent financial aid outreach efforts. These efforts probably had a significant impact in mitigating the effects of fee increases for the needy students in this group. Older and part-time students and those not seeking a degree are not eligible for some aid programs. When they are eligible, the programs are not well designed for their needs. We also learned that financial aid outreach efforts on campuses are less likely to target these students.

Another contributor to the patterns of enrollment decline by age and objective was the nature of the course and section reductions the colleges made. The mix of course cuts was largely a function of the interplay between the costs of different types of offerings—e.g., occupational courses tend to cost more than transfer courses—and the fact that more temporary faculty teach courses that are classified as occupational and/or not transferable. At our request, Chancellor’s Office staff disaggregated the counts of courses and sections offered each term through spring 2005 by transferable/non-transferable status and by occupational versus non-occupational orientation.55 This data is depicted in Figure 7.

54 Enrollment data sorted by student educational goal was specially prepared and generously provided by the Chancellor’s Office.
55 We are indebted to Patrick Perry, CCC Vice Chancellor for Technology, Research, and Information Systems, for providing this data, which extends that of Tables 6 and 7 in CCCCO 2005b, 12–13.
Transferable sections were reduced by 6.2% from spring 2002 to fall 2003, but quickly recovered after this and surpassed their previous peak by spring 2005. Non-transferable sections fell more sharply, by 8.9%, from spring 2002 to fall 2003, and had not fully recovered by fall 2005 (they were still 4.7% below the spring 2002 peak). Similarly, non-occupational course sections, which are more likely to serve younger students, were reduced by 5.4% by fall 2003 from their peak point a year earlier, but recovered steadily after that, reaching a new high in spring 2005 and another in fall 2005. Occupational course sections, which attract a larger number of older students, on the other hand were reduced more sharply—down 11% between spring 2002 and fall 2003—and experienced a partial and fitful recovery thereafter. In fall 2005, there were still 7.7% fewer of these sections than at the spring peak three years earlier.

In short, it seems clear that the distribution of courses played an important role, along with fee increases and the nature of financial aid programs and
outreach strategies, in the disparate pattern of enrollment changes that occurred in the community colleges during these years. If degree and transfer-oriented students and younger students are seen as the most critical groups to retain through a budget setback, the system seems to have been fairly successful at prioritizing them, whether by design or not.

In any case, it is clear that the fiscal dislocations threw the California Community Colleges well off their previous track of steady enrollment gains. The impacts on enrollment continue to be felt, although the stagnation of the last year or so probably has as much to do with labor market conditions as with anything else. The enrollment stagnation is certainly undesirable at a time when the state’s population is growing and changing rapidly. Increasing enrollment requires more than commensurate growth in the capacity of these key institutions. All in all, we think the evidence just reviewed suggests that very moderate, predictable fee increases, such as those we propose later, will not have untoward effects on enrollment. Rather, moderate fee increases that are not accompanied by course reductions but instead are paired with fee waivers for the needy and with our recommended steps to improve financial aid accessibility should enhance both access and chances for success for most students.
The Role of Cal Grants

The Cal Grant program of state scholarships and grants was designed at the time of the original Master Plan for Higher Education in 1960 to provide aid to students attending private colleges and universities. Over the years, as fees were initiated in the University of California and California State University systems, the programs came to serve these students as well. At the community colleges, many vocationally oriented students received small Cal Grants from a separate program started in 1973–1974. (See Table 15 for a summary description of the various Cal Grant programs and their eligibility criteria.\footnote{It should be noted that Cal Grant A awards are not actually used by CCC recipients while they are community college students. Because these awards are “reserved” for use at a four-year college or university after the student has transferred, not all of them are activated.\footnote{Data were compared from reports for 2004–2005 (most recent year available) and 2000–2001.}) But community college students received comparatively little Cal Grant support until significant changes in the program were implemented in 2001–2002. Although this was not the primary goal, some of these changes had the effect of making the Cal Grant program more accessible to CCC students.

The creation of separate entitlement and competitive grant programs was designed to assure graduating high school students an affordable education through the entitlement program, as well as to provide a limited number of competitive grants for those generally older students not meeting entitlement eligibility requirements. By statute, one half of the competitive grants are set aside for community college students, with a separate application deadline of September 2 to better match CCC application and enrollment patterns. Largely in response to the entitlement grants, the total aid dollars awarded through Cal Grants (all segments) increased 59% in the first four years after the changes (CSAC 2006b).\footnote{Data were compared from reports for 2004–2005 (most recent year available) and 2000–2001.}

<p>| Table 15 |
| Comparison of Cal Grant Program Requirements |</p>
<table>
<thead>
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<th>Number of Awards</th>
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<th>Age</th>
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<tbody>
<tr>
<td><strong>High School Entitlement Program</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cal Grant A</td>
<td>All eligible</td>
<td>3.0</td>
<td>Recent HS Grads</td>
</tr>
<tr>
<td>Cal Grant B</td>
<td>2.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>High School Entitlement Program</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cal Grant A</td>
<td>All eligible</td>
<td>2.4 from CCC</td>
<td>24 or Younger</td>
</tr>
<tr>
<td>Cal Grant B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>High School Entitlement Program</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cal Grant A</td>
<td>22,500</td>
<td>3.0</td>
<td>None</td>
</tr>
<tr>
<td>Cal Grant B</td>
<td>7,761</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Cal Grant C</td>
<td>None</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from CSAC, 2006-07 Cal Grant Comparison
The changes have proven particularly beneficial for community college students, who in 2005–2006 were awarded 48% of all A and B Cal Grants, compared with 36% in 2000–2001, the year before implementation of the two-tiered system. Over the same period, the number of B grants awarded to CCC students—this is the major program benefiting them—more than doubled, increasing from 17,831 to 39,464. Table 16 depicts these favorable trends. In addition, about 5,000 CCC students per year receive new Cal Grant C awards, which provide small grants for the purchase of books and tools for students enrolled in vocational programs.

However, of about 113,000 CCC students and prospective students offered new or renewal Cal Grants of any type in 2004–2005 (CSAC 2005b), only about 65,000 actually received Cal Grants that year (CCCCO Data Mart). Regardless, Cal Grant receipt rates show the same positive trends as awards: Cal Grant B dollars going to CCC students grew by 184% in the first four years (2000–2001 to 2004–2005) after the changes, and the number of students served grew 188% (CCCCO Data Mart).

Still, the number of Cal Grants either awarded or received represents a small share of the 2.44 million students enrolled for credit in the community colleges. As the NPSAS state comparisons showed (refer to Table 7), California community college students’ access to such state grants remains substantially less than is typical elsewhere. Also, mostly due to the large differences in fees across the segments, the community colleges’ share of Cal Grant dollars is relatively small and shrinking. In 2005–2006, CCC students received 43% of new and renewal Cal Grant Bs, but only 16% of all Cal Grant B dollars, because a growing share of these dollars is going toward offsetting increasing tuition charges at four-year institutions.59

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent of All Cal Grant B Awards</th>
<th>Number of CCC Student Awards</th>
<th>Percent of All Cal Grant B Awards</th>
<th>Number of CCC Student Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001–02</td>
<td>41.1%</td>
<td>13,834</td>
<td>69.9%</td>
<td>14,949</td>
</tr>
<tr>
<td>2002–03</td>
<td>44.7%</td>
<td>19,073</td>
<td>76.2%</td>
<td>17,341</td>
</tr>
<tr>
<td>2003–04</td>
<td>46.5%</td>
<td>19,493</td>
<td>76.3%</td>
<td>16,146</td>
</tr>
<tr>
<td>2004–05</td>
<td>48.9%</td>
<td>21,654</td>
<td>76.6%</td>
<td>16,497</td>
</tr>
<tr>
<td>2005–06</td>
<td>48.3%</td>
<td>22,499</td>
<td>76.7%</td>
<td>16,965</td>
</tr>
</tbody>
</table>

Source: CSAC, Fast Facts at Your Fingertips Entitlement and Competitive Reports for the academic years shown.

58 The difference arises when awardees decide to attend a different segment or do not enroll at any California institution.

59 Authors’ analysis of CSAC special tabulation.
Possible Changes to Cal Grants

There are a number of adjustments that might be made to the Cal Grant eligibility rules and other provisions that would facilitate greater access by community college students without deemphasizing the academic merit component of the criteria (Table 15). Among these are:

- Relax the March 2 application deadline for the Entitlement awards for community college students, who tend to apply to college later than this.

- Increase the number of Competitive awards. In part a response to the late application problem, the 2001–2002 revisions set up the Competitive Awards program, in which half the awards are reserved for CCC students. However, only 18% of CCC student applicants meeting all eligibility criteria in 2005–2006 were offered Cal Grants. If the number of Competitive awards were more adequate compared with the demand, this could obviate the need to relax the March 2 deadline for Entitlement awards.

- Relax the limitations on age or time since high school graduation, which eliminate many older community college students from some of the programs. High school Entitlement awards are available only to students who graduated from high school within a year prior to the award, while transfer Entitlement awards require, for 2006–2007, that the applicant be under 24 and have graduated no earlier than 2001–2002. Competitive awards are open to older students but, as noted, their numbers fall far short of the number of eligible applicants.

- Increase the value of the “access costs” provided under Cal Grant B awards. In addition to a fee waiver, Cal Grant B recipients receive a grant of $1,551 for their other costs of attendance. As we have seen, most needy students in the CCC system have officially determined needs, even after aid, that far exceed this figure. Since the inception of these awards in 1969–1970, their dollar amount has risen only 72%, and just 15% in the last twenty years. If this initial amount had merely kept pace with the California Consumer Price Index (CCPI) over the years since the program’s inception, much less with the special costs facing students, it would be $5,190 in 2006–2007, or more than triple the current $1,551 award (Figure 8). 

*Increasing the value of this access grant is the best way to ensure that the CCC share of Cal Grant B dollars does not continue to decrease.*
Increase the value and number of Cal Grant C awards, which have by statute remained at the 2000–2001 level of 7,761 awards, despite significant numbers of eligible but unserved applicants. Had the dollar amount of the non-fee Cal Grant C increased with inflation since its inception in 1973–1974, it would be $2,375 in 2006–2007. Instead, it is only $576, representing an increase of just 15% over more than thirty years.

The Cal Grant programs provide no administrative cost allowance whatsoever, although CCC financial aid staff report that of the aid programs they deal with, Cal Grants are the most complex to administer. Federal programs at least provide modest administrative allowances. This issue merits further investigation that is beyond the scope of this project. We do believe that CCC financial aid operations in general remain underfunded relative to the needs they must address. A reasonable administrative cost allowance related to Cal Grants might play a part in a program aimed at alleviating this gap.
Of course, all such suggestions would require additional funding. **In our view the highest priorities would be:**

1. To increase the long-stagnant value of the “access costs” amount provided in the Cal Grant B awards because this addresses the rising cost of attendance that CCC (and other) students face; and

2. To begin increasing the statutorily set number of Competitive awards in order to address the large number of eligible but unserved applicants in this program.

At a minimum, increased funding for these purposes should be applied in a way that responds to both inflation and increases in eligible applicant numbers over time. A more ambitious program is outlined in the recommendations section below, cost projections for which can be found in Appendix B.

A different approach to Cal Grant reform could involve taking approximately the resources now provided to CCC students through Cal Grants and creating a new program designed just for them. This could have design features friendlier to the wide range of community college students, including minimal deadlines, fewer age requirements, relaxed restrictions on time after high-school graduation, award numbers linked to the number of eligible students, and ideally more ample access cost awards. Such a community colleges-only program would not be constrained by the imperative to also meet the needs of university students, who would continue to be served under essentially the existing Cal Grant program. Awards might also be permitted to have unique features appropriate to the populations served by different community college campuses.

While such an approach has some appeal, it has the disadvantage that, from a broad student choice perspective, it might tend to channel some students into community colleges who could have secured Cal Grant awards to attend UC, CSU, or a private four-year institution, where their chances for successful bachelor’s degree completion, were that their goal, would generally be substantially higher. Moreover, a separate community college program might weaken the capacity of the higher education sector as a whole to secure support for student aid in Sacramento, and the community colleges might fare less well on their own relative to the other segments in securing funding. **On balance we would not recommend this approach at this time.**
Summary of Major Conclusions and Recommendations

Affordability Is Tied More to Non-Fee Costs of Attendance than to Fees

A key overarching conclusion is that, in regard to the California Community Colleges, affordability is mostly about non-fee costs. Even at 2005–2006 levels, fees only represented at maximum about 5% of the total cost of attendance, i.e., for a full-time student without a fee waiver living apart from parents. Nearly 30% of credit students—and more than 50% of full-time students—have their fees waived, and no doubt more are eligible for waivers. Non-fee costs that play a large role in community college students’ budgets, such as housing, transportation, textbooks, and—for some—health care and child care, have climbed in recent years at rates far exceeding the general cost of living (Figure 2) with no end in sight.

Many students who attend or seek to attend California’s community colleges need access to financial aid to cope with these costs. Yet the colleges have almost no aid resources themselves, and their students access federal and state aid programs at rates substantially lower than those of community college students in other states (see Tables 6 and 7). These patterns originate from a long-held notion in the CCC system itself and among state policymakers that focusing on student financial aid is unnecessary because fees were nonexistent (prior to 1984) or very low. To some extent, this attitude persists in both quarters, though in recent years the state and the CCC system have begun to invest in financial aid outreach to students and to build necessary administrative capacity, and these investments are beginning to show some positive results. Nonetheless, participation rates in federal Pell Grant, and particularly loan programs, remain comparatively low across all categories of students. According to the NPSAS data, in 2003–2004 substantial percentages of all student categories—and more than half of full-time students—had unmet need after their expected contribution (EFC) and all aid were taken into account. Moreover, unmet need was highest among the lowest-income students. Clearly there is a real need to further increase capacity in the system to assist students in obtaining federal aid, including loans where appropriate.

The state can have a direct influence on the availability of aid to community college students through its Cal Grants program. Our comparisons of California community college students with their peers in other states using
the NPSAS 2004 data show that fewer California students receive state grants than do students in other states (Table 7). The redesign of this program in 2001–2002 increased the number of community college students receiving grants, but more could be done (see the Major Policy Recommendations section below).

A key consequence of the unmet need for financial aid is that CCC students work too much. According to the NPSAS 2004 data, 81.5% worked an average of 32 hours per week, while 43% worked essentially full time (35+ hours) (Table 9). These patterns almost certainly contribute to the CCC system’s low persistence, completion, and transfer rates among students who begin with such goals. A small but hopeful sign is that student work decreased a bit between 1999–2000 and 2003–2004 as financial aid acquisition rates increased modestly.

Fee Policies and Their Implications

As already suggested, we believe that CCC fee policies are closely intertwined with financial aid issues. The effect of the planned fee rollback to $20 per credit is one obvious example. Unless the Pell program’s “tuition sensitivity” feature is removed when the federal Higher Education Act is reauthorized (or some other change is made), this rollback will reduce maximum Pell Grants to the neediest CCC students by some $20 million per year.

On the positive side, recent efforts to expand the use of fee waivers linked to the fee increases of 2003–2004 and 2004–2005 have borne fruit. Waivers increased by more than 100,000 over these two years and jumped from 22% to 29% of the student body. A substantial share of students do not pay fees at all, and the proportion is above 50% among full-time students. Additional outreach efforts to needy students can probably increase this share even more.

During the recent period of fee increases, aggregate CCC enrollments fell, but the decreases were concentrated in the part-time and older student populations whose fee payments would still have been quite modest—typically $156 a term, or a $90 increase, from 2002–2003 to 2005–2006 for a part-time student taking six credits—and who also bore the brunt of budget-induced course cutbacks. Enrollments of students aged 18–19 actually increased over these years, though almost certainly less than they would have grown under more favorable conditions. While the decline (and current near stagnancy) in overall enrollments should be a policy concern, it is far from clear that increased fees were the primary culprit.
Even at 2005–2006 levels of $26 per credit, CCC fees were about 38% below the next lowest state (North Carolina) and around one-third of the national average for two-year colleges (College Board 2005). Because state and local funds provided under Proposition 98 funding arrangements appear to be near the national average, the very limited revenue generated from fees by the system contributes significantly to its comparatively low overall funding level. These arrangements seem to sap the will in the CCC system for anyone to advocate for fee increases that could increase resources because, historically, additional fee revenue has always been used to reduce Proposition 98 funding. We suggest below how this basic problem might be addressed.

Major Policy Recommendations

It follows from the above findings and analysis that affordability policies for the California Community Colleges should shift emphasis from low fees per se to increasing the financial aid available to students to meet their non-fee attendance costs. Accomplishing this shift requires changes in three key areas:

1. CCC Financial Aid Administration and Outreach
2. Cal Grant Programs
3. Fee Policy and System Improvements

Specific recommendations for changes within each area are discussed below.

CCC Financial Aid Administration and Outreach

- Expand the BFAP program to secure more federal aid for students
- Research and disseminate best CCC practices
- Take steps to increase the FAFSA application rate

We urge that the Chancellor’s Office’s financial aid outreach and capacity-building effort (BFAP), which has shown signs of success, be continued and expanded. Substantial increases in funding for this effort should be contingent on first systematically studying the strategies among colleges that have led to greater success in both media-based outreach and in working with students and would-be students on the ground. Demonstrably successful approaches (best practices) should then be disseminated and diffused via publications, conferences, training, and similar methods. The reporting of implementation, performance, and
evaluation data needs to be timely and credible, and policy overseers need to pay attention to it. Because Pell Grants represent federal resources brought into the state to serve Californians, Pell Grant participation rates should get the most attention in this effort. Because the BFAP program’s current funding is actually lower than it was in 2003–2004, the program should receive annual appropriations increases tied to inflation until this BFAP program development initiative is complete.

One strategy for increasing Pell participation that should be seriously considered is to link student FAFSA completion more closely to the BOG fee waiver process. For example, financial aid staff could be asked to present essential information to waiver applicants about the benefits of federal aid (and Cal Grants) and the need to complete a FAFSA to be eligible. Staff could also point out resources to help with the application process. Students could be required to sign a form explicitly declining to complete the FAFSA before the waiver could be approved. Whatever method is chosen, the expanded financial aid outreach effort should also include a new initiative to expand information about and encourage appropriate utilization of subsidized federal loans. Progress on encouraging appropriate loan applications and receipt should also be part of the performance reporting and accountability system.

Cal Grant Programs

- Increase the number of Competitive awards
- Substantially increase the value of “access cost” awards
- Adjust award value annually

The state could seek to expand community college students’ access to financial aid directly by further adjusting the design and funding of particular Cal Grant programs. We believe the highest priority changes should be to:

1. Provide more Competitive awards for the many eligible but unserved applicants who don’t fit the eligibility criteria for Entitlement awards (which are reserved for recent high school graduates who meet the March 2 application deadline). The increase in Competitive awards should at least be in line with demand growth from the current statutory figure of 22,500 awards, which has not changed since 2001–2002. Ideally, the state would set a more ambitious target of serving, perhaps, 25% of eligible applicants.

60 An alternative would be to require this step only on campuses with low FAFSA completion rates.
2. Increase the value of the awards for “access costs” under Cal Grant B as much as possible from the current, long-stagnant, and inadequate $1,551 (just 30% of the inflation-adjusted value of this award when it was initiated in 1969). We suggest setting a plausible target, such as a substantial percentage of the original value of these access awards in terms of current dollars over five or ten years. (The original awards would be worth $5,190 in 2006–2007 dollars.) For discussion purposes, cost projections for possible increases in the access grant’s value and the supporting methodology are described in Appendix B. In light of the long stagnancy in the value of these awards, we recommend at minimum a substantial one-time boost in the amount of the award, and then that the award amount be increased roughly in line with the growth in students’ costs of attendance over time, except perhaps in years of real financial exigency. For all its drawbacks, an inflation-linked formula may be necessary to combat the powerful incentives that tend to deploy limited resources to increase the number of clients served, often at the expense of the adequacy of grants provided.

In addition, policymakers should study closely the logic of providing some cost allowance for administration of the complex Cal Grant programs within the context of a broader investigation into the merits of further expanding financial aid administrative and outreach capacity in the community college system. Support for these purposes is still far below that of the other public segments (Figure 3).

Fee Policy and System Improvements

- Provide budgetary incentives to CCC’s for moderate fee increases
- Use revenue to improve services (fee revenue) and aid (state matching dollars)
- Link future fee increases to state personal income

Community college fees in California have tended to jump during recessions, when students can least afford it. These increases have then been followed by long periods when fees are flat, or even rollbacks when the state has resources (at least initially) to replace the lost revenue. It seems clear that there is a powerful force perpetuating the inertia in thinking about CCC fees—the natural advocates for needed fee increases within the system see no benefit because of the state’s history of offsetting fee increase revenues with Proposition 98 funding reductions (usually in times of state budgetary stringency).
Instead of cutting fees in times when state resources are available, as is now the standard response, policymakers should seek to break away from the limitations of current thinking by offering positive budgetary incentives—for example, matching revenue from the increases with new state funds—for the system to *increase* fee revenue in a measured way for agreed purposes. Increasing fee revenue is possible within the Proposition 98 mechanism if policymakers choose to allocate additional state resources. If the new money were spent wisely and with strong performance accountability mechanisms, the state could expand needy students’ access to financial aid, and enhance programs and services targeted to increasing student retention and success. This matching approach could shift the incentives around fee increases by allowing both the CCC system and state policymakers to see maximum impact from the difficult step they took in raising fees.

In our view, the additional fee revenue should pay for improved services directed at improving persistence, degree or certificate completion, and transfer rates while the state funds should pay for financial aid capacity building and increased need-based aid. Thus students who do pay fees, who in general are not a particularly affluent group, would be paying for higher quality services, not for aid to someone else.

The additional resources for need-based aid should permit the creation of a modest community college grant program analogous to those developed by the UC and CSU systems. This new program could be specifically designed to address the unique problems of community college students by helping fill the gaps that existing aid programs leave relative to their needs. An effort to build financial aid capacity within the colleges would need to accompany such a program, given that many colleges are probably not prepared to operate an aid program of their own (as opposed to simply administering federal programs and Cal Grants).

Fee increases should be modest but steady, perhaps linked to annual growth in the state’s median personal income, which serves as a rough measure of affordability for both fee-paying students and the state providing the matching funds. We calculate that, if state per capita personal income increased at an average annual rate of 4.36% over the next ten years (2006 to 2015), as it did over the last ten, fees would increase by only around $1 per
credit per year on average\(^\text{61}\) (less at the beginning, slightly more than this toward the end of the period due to the effect of compounding), reaching $29.37 in 2015–2016. Appendix B includes projections of the additional revenue that this would bring to the CCC system through both new fee revenue and state matching funds. Fee waivers should continue to be available to the demonstrably needy and, as has been emphasized, efforts to publicize these and other financial aid sources should be enhanced. For those who do not qualify for fee waivers, schools should routinely provide information about how to claim federal tax credits for fees paid.

The overarching idea here is both to smooth the path of fees that now fluctuate dramatically and, most importantly, to provide a vehicle to bring new resources into a system that badly needs them in order to cope more successfully with the great challenges it faces. The matching mechanism seems a logical approach for shifting the stubborn but largely self-defeating positions the key stakeholders now hold about fees. Still, if a broad fee increase for the important purposes described is regarded as beyond the pale, an alternative might be to selectively impose higher fees only on students taking courses with less priority for state subsidy, such as those not transferable or on the path to a degree or recognized certificate.

California’s educational and economic future depends heavily on the California Community College system. The state needs the system to produce broad access to higher education, and beyond that, quality results for many more of those who enter through its open door. Key policy levers for achieving these goals are more need-based aid and increased capacity to help students access the system, more resources for programs and services targeted at student success, and, crucially, more accountability for results throughout the system. Moderate, predictable fee increases matched by additional state appropriations could generate significant new resources for these purposes. To be sure, assumptions and incentives would need to be restructured to better support this agenda. But this is a fitting task for what must be visionary policy leadership as the state faces rapid economic and demographic change in a most challenging competitive context.

\(^{61}\) There is substantial variation, of course, in annual growth in state per capita personal income. To make such fluctuations more manageable for students, colleges, and the state, perhaps annual changes in fees and state matching funds could be limited in range, or be linked to a moving average of historical rates.
APPENDIX A

TEXTBOOK COSTS AND STRATEGIES TO CONTAIN THEM

Textbook costs are a significant expense in the budgets of California community college students, equaling or exceeding fees for many of them. Textbook prices have increased rapidly over the past several years, prompting investigations into industry practices and spurring discussion at many levels about how best to contain costs.

In 2005, the United States Government Accountability Office (GAO) found that textbook prices have increased at roughly twice the rate of inflation (i.e., at 6% per year between 1987 and 2004) and that these increases were most directly related to the common publisher practice of bundling textbooks with supplemental materials, such as CD-ROMs or workbooks (USGAO 2005). Furthermore, the GAO found that publishers are unlikely to stop packaging these materials with textbooks because of the perceived increased demand for advanced technology. Whether the demand for such supplemental materials exists outside of that which the publishers create in order to realize more revenue is not clear: A 2004 report from the California Public Interest Research Group (CALPIRG) found that 65% of faculty surveyed at the University of California rarely, if ever, use supplemental materials bundled with required textbooks (CALPIRG 2004). Both the CALPIRG and GAO reports also pointed out that publishers are issuing revised editions of textbooks more frequently, which drives up costs by forcing students to buy new books rather than used.

Meanwhile publishers argue that they provide low-cost alternatives to expensive textbooks, including black-and-white or abbreviated editions and, more recently, electronic and Web-based books (AAP 2006), and that faculty are free to choose such options.

Despite a number of attempts in California to affect textbook prices through legislation, only one proposal has been signed into law. AB 2477 (Liu 2004)\(^\text{62}\) encourages publishers to limit bundling and be transparent about prices, availability, and revision schedules, and encourages faculty to

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be similarly open with students and bookstores about their textbook choices and to consider the cost to students when choosing textbooks. Bookstores are required to work with academic senates, publishers, and faculty to foster procedures that promote cost savings for students. The bill also urges colleges to establish and encourage used book and rental programs. While such measures may hold promise for reducing costs, few of them offer real incentives to buttress their encouragement of specific practices, or teeth to increase compliance.

On the national level, the congressional Advisory Committee on Student Financial Assistance is working to develop federal and other recommendations for controlling textbook costs. Since constitutional concerns limit states’ abilities to regulate national publishers’ practices, federal action may be required to even consider potential cost-lowering strategies directed at them. For faculty preferring standard textbooks, however, there is little that institutions or states can do to discourage the bundling of these textbooks with supplements due to the primacy of federal interstate commerce laws.

Although little progress has been made in reducing student textbook costs on a widespread scale, individual colleges have implemented a number of different programs aimed at this issue. Several such programs are described below.

**Used book sales** help students in two ways. First, they enable students to purchase required textbooks at prices below retail cost, and, second, they often allow students to sell their previously used textbooks back to bookstores to recoup some of their initial expense.

The overhead costs associated with used book sales are higher because of the staffing needed for buy-backs and to ensure adequate used book supplies. In the event that used book sales become too pervasive, publishers could further shorten the time between revisions to encourage more new book purchases. There are concerns and some evidence that this may already be occurring (Community College League of California 2004).

**Book rental programs** have garnered attention recently, and CALPIRG has released a guide for institutions that want to establish one (CALPIRG 2005). Book rental programs are likely the least expensive solution for students—students typically pay usage fees each semester they participate in rental programs, as well as per-book fees. However, such programs present significant administrative challenges, including the sizable startup costs.
involved, the significant storage space needed to accommodate rental books, and the staff time spent tracking late and unreturned books. Moreover, faculty have generally been less than enthusiastic about these programs, which typically require them to commit to using a particular text for several years, thereby limiting their freedom of choice.

Rental programs have shown varying levels of success in the California Community College system. Taft College’s program enjoys strong faculty support and encompasses approximately 80% of the campus’s required books. On the other hand, Los Angeles Pierce College’s program lasted only one semester after few rented books were returned (Community College League of California 2004).

*Short-term loans for book purchases and book payment plans* do not reduce the costs of student textbooks, but they can help make the costs more manageable by spreading them out over weeks or months. We are not aware of any large-scale programs of this type within the CCC system.

*Book grants* help students on a few campuses, and are often run through student services programs, such as Extended Opportunity Programs and Services (EOPS). Despite the potential these grants offer, funding does not exist to implement them on a system-wide basis. CCC student need certainly justifies a statewide program, and successful campus-based programs might serve as good models.

*Open content course materials* offer a great deal of potential for student savings. The CCC Foothill-DeAnza District’s Sofia project, for example, recently published materials for eight courses on the project’s Web site (http://sofia.fhda.edu/index.htm). Such programs encourage the free distribution of college course materials to enable college-level learning for all. While Sofia project course materials may potentially save CCC students hundreds of dollars per course, they are currently designed as course supplements rather than textbook replacements. We are unaware of any research on the actual usage of these or other open content course materials within CCC courses. Further study is needed that inquires into this and all other models, particularly those that hold promise for large-scale implementation or that have resulted in demonstrated cost savings for students.

Another option for reducing textbook costs is to enlist the help of college faculty, the true customers of academic publishers. By communicating with
bookstores, faculty can learn the costs associated with various textbook options and choose accordingly. Making textbook selections well ahead of the beginning of an academic term helps lower book costs by enabling booksellers to create a substantial used book market through purchases from wholesalers or other outside sources. Choosing to use a book for multiple terms helps booksellers create more of an internal used book market through buy-backs. Education of faculty is also key: Faculty should choose bundled materials only when necessary and be informed about the challenges of returns and buy-backs for such bundles.

For the time being, however, given concerns related to constitutionality, academic freedom, and administrative realities, bringing the issue of high textbook costs to the attention of faculty, publishers, legislators, and students may be the only way to alter the current trajectory of textbook expenses.
APPENDIX B

ROUGH COST PROJECTIONS FOR CAL GRANT AND FEE MATCHING FUNDS
POLICY RECOMMENDATIONS

Here we offer very preliminary cost projections designed to provide a rough estimate of the costs our recommendations on the above topics might entail.

Ia. Cal Grant Access Grant Cost Projections and Methodology

The majority of Cal Grant dollars going to California community college students come from the access grant portion of Cal Grant B awards. These access grants are distributed through Cal Grant Entitlement awards and Cal Grant Competitive awards, two categories of programs created under the Cal Grant B umbrella in 2001–2002. Recent high school graduates are eligible for Entitlement awards, whereas older students are eligible for a statutorily set number of Competitive awards.

We project here only the cost of the access grant portion of the Entitlement and Competitive Cal Grant B awards. Projections of the state costs under the two programs are determined separately, as described below. Projections are based on Cal Grant B access grant awards and expenditures for the five academic years since program changes were implemented in 2001–2002.

The access grant currently stands at $1,551. With no changes in access grant award amounts, we estimate that these costs will reach $209 million in 2015–2016 as enrollments grow. To reach an amount equal to the access grant’s original value as set by the Legislature in 1969–1970, the maximum award would need to be increased to $6,727 by 2015–2016. We project costs under this scenario would reach $905 million in that year. 63 While any increase in

63 For the projections described in this section, costs would be higher if the larger awards stimulated higher attendance rates (and thus more Entitlement awards) or higher persistence rates (and thus more renewal awards). We assume here no increase in the number of Competitive awards, because this number has been flat for several years.
the access grant award would represent desirable progress, in light of the state’s financial circumstances, we recommend that the individual award be increased to a substantial percentage of the originally legislated grant value rather than to 100% of it. We estimate that reaching a target of 75% of the access grant award’s original value over ten years would cost about $679 million in 2015–2016, compared with $209 million if the award amount were not increased at all. To reach a target of 50% of the original award value over this same ten-year period would cost about $453 million in 2015–2016.

Ib. Cal Grant Access Grant Cost Projection Methodology

Step 1: Estimating the number of new Entitlement awards.
We compared the number of Cal Grant B Entitlement awards for the first five years of data with the number of high school graduates in California in those years. As the ratio of awards to graduates grows slightly each year, we used a three-year average of annual growth in this ratio to project shares of high school graduates who will receive these grants in future years. Under this scenario, the projected share would grow from 9.72% in 2005–2006 to 11.96% in 2015–2016. We then applied each year’s share to the projected number of high school graduates in that year (as projected by the National Center for Education Statistics) to determine the projected number of new Entitlement awards.

Step 2: Estimating the number of new Competitive awards.
Because the number of Cal Grant Competitive award offers is set by statute, we used a three-year average of the number of Cal Grant B awards actually paid out.

Students receiving Cal Grant B awards can renew them for up to three years (for a total of four years of eligibility), assuming continued financial need and enrollment in an eligible institution. To estimate renewal rates, we compared the number of new grants in a given year with the total number of new and renewal grants. Since the grant programs were initiated in 2001–2002, there have only been two years at theoretical full capacity, 2004–2005 and 2005–2006. We therefore calculated a two-year (2004–2005 and 2005–2006) average renewal rate.

64 We assume here that access grant awards would be increased for students in all higher education segments.
(new grant):(total grant) ratio for both Entitlement and Competitive awards and used this to project forward.

Step 4: Estimating the average dollar value of an individual Cal Grant B award.

Although the maximum award available to students under the access grant portion of Cal Grant B is $1,551, part-time student awards and some renewal awards may have a smaller value. To estimate the average award size, we calculated a ratio of (average grant size):(maximum grant size). Again, we used a two-year average for the years 2004–2005 and 2005–2006.

Step 5: Estimating the number of paid Cal Grant B awards.

We estimated total Entitlement awards using the number of new Entitlement awards (Step 1 above) and applying the Entitlement award renewal rate (Step 3 above). We estimated total Competitive awards using the number of new Competitive awards (Step 2 above) and applying the Competitive award renewal rate (Step 3 above). We added these two figures together for total estimated Cal Grant B awards paid out.

Step 6: Estimating increases in the California Consumer Price Index.

If the original $900 access grant award had kept pace with inflation since 1969–1970, the maximum award level would have been $5,190 in 2006–2007, using historical California Consumer Price Index (CCPI) data. To project what the maximum award level would be in 2015–2016 if it kept pace with inflation, we took an average of the last ten annual increases in the CCPI and projected that annual rate forward to 2015–2016.


For Entitlement and Competitive awards separately, we multiplied the projected number of grants (Step 5 above) by the maximum award level (currently $1,551, which we used as the base for the future projections), by the average grant amount (from Step 3). The total estimated cost of Cal Grant B access grant expenditures is the total of the Entitlement and Competitive awards as determined using these formulas. For alternative scenarios, we used the same formula and substituted alternative maximum grant levels.
II. Fee Revenue Projections and Methodology

Using historical CCC system-wide fee revenue data from the California Postsecondary Education Commission and CCC enrollment projections from the California Demographic Research Unit, we projected increased fee revenues to 2015–2016 and the amount to be matched by the state under our recommendations discussed earlier (see pages 50–52). We estimated growth in annual per capita personal income over the years 2005–2006 to 2015–2016 by assuming it would be the same as the average annual growth rate during the past ten years. This rate is 4.36% per year. For each future year, we multiplied the previous year’s fee revenue by this estimated growth rate in per capita personal income, and then by projected enrollment growth.

Under these assumptions, in the first year, fee revenues (net of waivers) would increase by an estimated $21 million (7%) in the first year, plus $21 million from the state match, to generate about $42 million in new revenue to the CCC system. This increment would recur, and generally grow modestly, each year. \(^65\)

In 2015–2016, per-credit fees would reach $29.37, and we project $31 million in new fee revenue for the state to match.

\(^{65}\) State matching of fee increase revenues need not be limited to a dollar-for-dollar basis. There are many possibilities. We assume that the state would also continue to replace lost fee revenue in the CCC budget as it does now. Also, the higher fees are not assumed to depress enrollments from forecast levels, because financial aid is also assumed to increase under our other recommendations. Again, these figures should be regarded as only very preliminary ballpark estimates. Projections of fee revenues are based on the California Postsecondary Education Commission’s *Fiscal Profiles 2006*, Display 34, and enrollment projections are from the California Department of Finance *California Public Postsecondary Enrollment Projections, 2006 Series*. 
References


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California Community Colleges: Making Them Stronger and More Affordable, by William Zumeta and Deborah Frankle (March 2007, #07-1). This report examines the effectiveness of statewide policies in assisting the California Community Colleges
in meeting their mandate for affordability, and makes recommendations in light of today’s public needs.

*Measuring Up Internationally: Developing Skills and Knowledge for the Global Knowledge Economy*, by Alan Wagner (September 2006, #06-7). In comparing the performance of the United States in higher education with that of advanced, market-economy countries across the globe, this report finds that the United States’ leadership position has eroded.


*Checks and Balances at Work: The Restructuring of Virginia’s Public Higher Education System*, by Lara K. Couturier (June 2006, #06-3). This case study of Virginia’s 2005 Restructured Higher Education Financial and Administrative Operations Act examines the restructured relationship between the commonwealth and its public colleges and universities. The act gives more autonomy to the public colleges but checks it with new accountability targeted directly to the needs of the state.

*American Higher Education: How Does It Measure Up for the 21st Century?* by James B. Hunt Jr. and Thomas J. Tierney with a foreword by Garrey Carruthers (May 2006, #06-2). These essays by former Governor James B. Hunt Jr. and business leader Thomas J. Tierney lay out in succinct fashion the requirements of both our nation and our states for new and higher levels of performance from America’s colleges and universities.

*Claiming Common Ground: State Policymaking for Improving College Readiness and Success*, by Patrick M. Callan, Joni E. Finney, Michael W. Kirst, Michael D. Usdan, and Andrea Venezia (March 2006, #06-1). To improve college readiness and success, states can develop policies that better connect their K–12 and postsecondary education systems. However, state action in each of the following policy areas is needed to create college-readiness reform: alignment of coursework and assessments; state finance; statewide data systems; and accountability.

*Measuring Up on College-Level Learning*, by Margaret A. Miller and Peter T. Ewell (October 2005, #05-8). In this report, the National Forum on College-Level Learning proposes a model for evaluating and comparing college-level learning on a state-by-
state basis, including assessing educational capital. As well as releasing the results for five participating states, the authors also explore the implications of their findings in terms of performance gaps by race/ethnicity and educating future teachers.

*The Governance Divide: A Report on a Four-State Study on Improving College Readiness and Success*, by Andrea Venezia, Patrick M. Callan, Joni E. Finney, Michael W. Kirst, and Michael D. Usdan (September 2005, #05-3). This report, supported by case studies in Florida, Georgia, New York, and Oregon, identifies and examines policy options available to states that are interested in creating sustained K–16 reform.


*Borrowers Who Drop Out: A Neglected Aspect of the College Student Loan Trend*, by Lawrence Gladieux and Laura Perna (May 2005, #05-2). This report examines the experiences of students who borrow to finance their educations, but do not complete their postsecondary programs. Using the latest comprehensive data, this report compares borrowers who drop out with other groups of students, and provides recommendations on policies and programs that would better prepare, support, and guide students—especially low-income students—in completing their degrees.

*Case Study of Utah Higher Education*, by Kathy Reeves Bracco and Mario Martinez (April 2005, #05-1). This report examines state policies and performance in the areas of enrollment and affordability. Compared with other states, Utah has been able to maintain a system of higher education that is more affordable for students, while enrollments have almost doubled over the past 20 years.

*Measuring Up 2004: The National Report Card on Higher Education* (September 2004). *Measuring Up 2004* consists of a national report card for higher education (report #04-5) and 50 state report cards (#04-4). The purpose of *Measuring Up 2004* is to provide the public and policymakers with information to assess and improve postsecondary education in each state. For the first time, this edition provides information about each state’s improvement over the past decade. Visit www.highereducation.org to download *Measuring Up 2004* or to make your own comparisons of state performance in higher education.

Ensuring Access with Quality to California’s Community Colleges, by Gerald C. Hayward, Dennis P. Jones, Aims C. McGuinness, Jr., and Allene Timar, with a postscript by Nancy Shulock (May 2004, #04-3). This report finds that enrollment growth pressures, fee increases, and recent budget cuts in the California Community Colleges are having significant detrimental effects on student access and program quality. The report also provides recommendations for creating improvements that build from the state policy context and from existing promising practices within the community colleges.

Public Attitudes on Higher Education: A Trend Analysis, 1993 to 2003, by John Immerwahr (February 2004, #04-2). This public opinion survey, prepared by Public Agenda for the National Center, reveals that public attitudes about the importance of higher education have remained stable during the recent economic downturn. The survey also finds that there are some growing public concerns about the costs of higher education, especially for those groups most affected, including parents of high school students, African-Americans, and Hispanics.

Responding to the Crisis in College Opportunity (January 2004, #04-1). This policy statement, developed by education policy experts at Lansdowne, Virginia, proposes short-term emergency measures and long-term priorities for governors and legislators to consider for funding higher education during the current lean budget years. Responding to the Crisis suggests that in 2004 the highest priority for state higher education budgets should be to protect college access and affordability for students and families.

With Diploma in Hand: Hispanic High School Seniors Talk About Their Future, by John Immerwahr (June 2003, #03-2). This report by Public Agenda explores some of the primary obstacles that many Hispanic students face in seeking higher education—barriers that suggest opportunities for creative public policy to improve college attendance and completion rates among Hispanics.

Purposes, Policies, Performance: Higher Education and the Fulfillment of a State’s Public Agenda (February 2003, #03-1). This essay is drawn from discussions of higher education leaders and policy officials at a roundtable convened in June 2002 at New Jersey City University on the relationship between public purposes, policies, and performance of American higher education.


State Policy and Community College–Baccalaureate Transfer, by Jane V. Wellman (July 2002, #02-6). This report recommends state policies to energize and improve
higher education performance regarding transfers from community colleges to four-year institutions.

Fund for the Improvement of Postsecondary Education: The Early Years (June 2002, #02-5). The Fund for the Improvement of Postsecondary Education (FIPSE) attained remarkable success in funding innovative and enduring projects during its early years. This report, prepared by FIPSE’s early program officers, describes how those results were achieved.

Losing Ground: A National Status Report on the Affordability of American Higher Education (May 2002, #02-3). This national status report documents the declining affordability of higher education for American families, and highlights public policies that support affordable higher education. It provides state-by-state summaries as well as national findings.

The Affordability of Higher Education: A Review of Recent Survey Research, by John Immerwahr (May 2002, #02-4). This review of recent surveys by Public Agenda confirms that Americans feel that rising college costs threaten to make higher education inaccessible for many people.

Coping with Recession: Public Policy, Economic Downturns, and Higher Education, by Patrick M. Callan (February 2002, #02-2). This report outlines the major policy considerations that states and institutions of higher education face during economic downturns.

Competition and Collaboration in California Higher Education, by Kathy Reeves Bracco and Patrick M. Callan (January 2002, #02-1). This report argues that the structure of California’s state higher education system limits the system’s capacity for collaboration.

Measuring Up 2000: The State-by-State Report Card for Higher Education (November 2000, #00-3). This first-of-its-kind report card grades each state on its performance in higher education. The report card also provides comprehensive profiles of each state and brief states-at-a-glance comparisons.


Some Next Steps for States: A Follow-up to Measuring Up 2000, by Dennis Jones and Karen Paulson (June 2001, #01-2). This report suggests a range of actions that states can take to bridge the gap between state performance identified
in Measuring Up 2000 and the formulation of effective policy to improve performance in higher education.

A Review of Tests Performed on the Data in Measuring Up 2000, by Peter Ewell (June 2001, #01-1). This review describes the statistical testing performed on the data in Measuring Up 2000 by the National Center for Higher Education Management Systems.

Recent State Policy Initiatives in Education: A Supplement to Measuring Up 2000, by Aims C. McGuinness, Jr. (December 2000, #00-6). This supplement highlights education initiatives that states have adopted since 1997–98.

Assessing Student Learning Outcomes: A Supplement to Measuring Up 2000, by Peter Ewell and Paula Ries (December 2000, #00-5). This report is a national survey of state efforts to assess student learning outcomes in higher education.

Technical Guide Documenting Methodology, Indicators and Data Sources for Measuring Up 2000 (November 2000, #00-4).

A State-by-State Report Card on Higher Education: Prospectus (March 2000, #00-1). This document summarizes the goals of the National Center’s report-card project.

Great Expectations: How the Public and Parents—White, African-American, and Hispanic—View Higher Education, by John Immerwahr with Tony Foleno (May 2000, #00-2). This report by Public Agenda finds that Americans overwhelmingly see higher education as essential for success. Survey results are also available for the following states:

Great Expectations: How Floridians View Higher Education (August 2000, #00-2c).
Great Expectations: How Illinois Residents View Higher Education (October 2000, #00-2h).

State Spending for Higher Education in the Next Decade: The Battle to Sustain Current Support, by Harold A. Hovey (July 1999, #99-3). This fiscal forecast of state and local spending patterns finds that the vast majority of states will face significant fiscal deficits over the next eight years, which will in turn lead to increased scrutiny of higher education in almost all states, and to curtailed spending for public higher education in many states.

South Dakota: Developing Policy-Driven Change in Higher Education, by Mario Martinez (June 1999, #99-2). This report describes the processes for change in higher education that government, business, and higher education leaders are creating and implementing in South Dakota.
Taking Responsibility: Leaders’ Expectations of Higher Education, by John Immerwahr (January 1999, #99-1). This paper reports the views of those most involved with decisionmaking about higher education, based on focus groups and a survey conducted by Public Agenda.

The Challenges and Opportunities Facing Higher Education: An Agenda for Policy Research, by Dennis Jones, Peter Ewell, and Aims McGuinness, Jr. (December 1998, #98-8). This report argues that due to substantial changes in the landscape of postsecondary education, new state-level policy frameworks must be developed and implemented.

Higher Education Governance: Balancing Institutional and Market Influences, by Richard C. Richardson, Jr., Kathy Reeves Bracco, Patrick M. Callan, and Joni E. Finney (November 1998, #98-7). This publication describes the structural relationships that affect institutional effectiveness in higher education, and argues that state policy should strive for a balance between institutional and market forces.


The Challenges Facing California Higher Education: A Memorandum to the Next Governor of California, by David W. Breneman (September 1998, #98-5). This memorandum argues that California should develop a new Master Plan for Higher Education.

Tidal Wave II Revisited: A Review of Earlier Enrollment Projections for California Higher Education, by Gerald C. Hayward, David W. Breneman, and Leobardo F. Estrada (September 1998, #98-4). This review finds that earlier forecasts of a surge in higher education enrollments were accurate.

Organizing for Learning: The View from the Governor’s Office, by James B. Hunt Jr., chair of the National Center for Public Policy and Higher Education, and former governor of North Carolina (June 1998, #98-3). This publication is an address to the American Association for Higher Education concerning opportunity in higher education.

The Price of Admission: The Growing Importance of Higher Education, by John Immerwahr (Spring 1998, #98-2). This report is a national survey of Americans’ views on higher education, conducted and reported by Public Agenda.

Concept Paper: A National Center to Address Higher Education Policy, by Patrick M. Callan (March 1998, #98-1). This concept paper describes the purposes of the National Center for Public Policy and Higher Education.