

LAO Recommendation for a Community College Fee Policy

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Community College Student Fee Policy Working Group





LAO Recommendation— Base Student Fees on a Fixed Percentage Of the Cost of Education

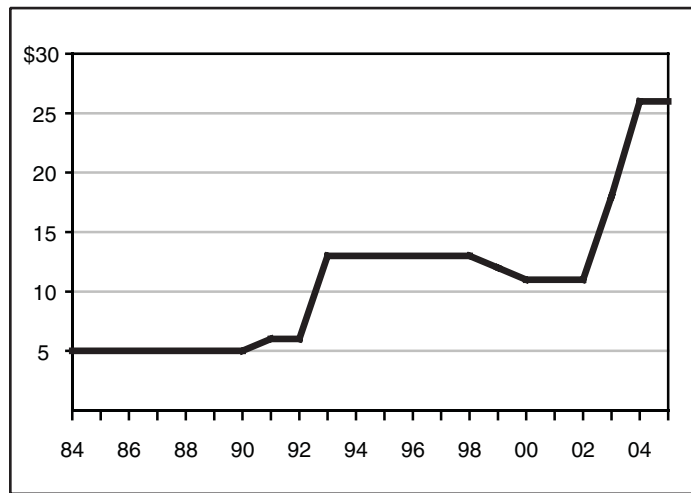
- The state should establish a fixed percentage of the education costs that nonneedy students should pay.
 - Each year, the Chancellor's Office would estimate the cost of educating a full-time equivalent student (FTES).
 - The current methodology for calculating nonresident fees could serve as a proxy for the average statewide cost per FTES.
 - The current fee of \$26 per unit corresponds to approximately 17 percent of the cost per FTES.
- The Legislature would set per-unit fees annually based on this percentage-of-cost methodology.
- Under this policy, fees would increase when total spending per FTES increases.
- Students would pay the same share of cost irrespective of changes in state appropriations.
- In the rare cases when total funding per FTES declines, the Legislature could decide to temporarily deviate from its share-of-cost target. We would expect that fees would return to the target soon afterwards.



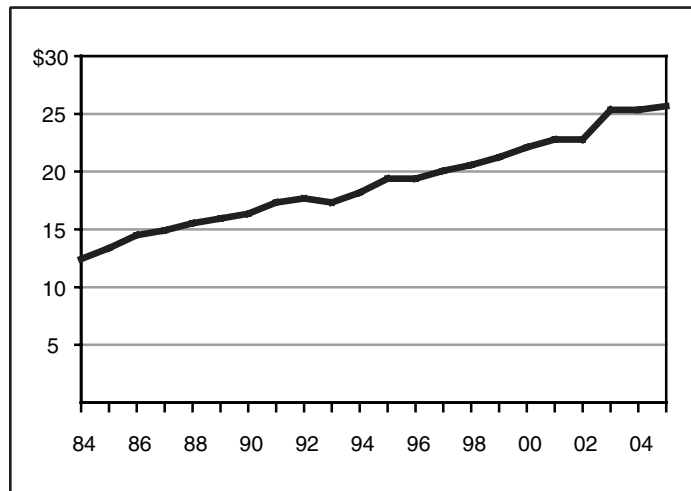
LAO Fee Policy Would Result in Gradual, Moderate, and Predictable Fee Changes

- If a 17 percent student cost-sharing policy had guided prior fee decisions, students would have faced gradual, moderate, and predictable fee changes, as shown below.

Actual CCC Fees 1984-2005 (Per Credit Unit)



**Hypothetical CCC Fees 1984-2005
(Assuming 17 Percent of Educational Cost) Per Credit Unit**





LAO Proposal Maintains Affordability and Access

- ☑ This policy complements the state's existing financial aid programs, including the Board of Governor's fee waiver program.
 - These financial aid programs ensure financial access for needy students.
 - The state does not limit the number of fee waivers provided to students demonstrating financial need.
 - In 2003-04, about 26 percent of individual students—or 40 percent of FTES—received a fee waiver and thus paid no fees.



LAO Fee Policy Treats Students Consistently Over Time

- The share of cost students pay would not change from one year to the next.
 - For example, if this year's students were to pay 17 percent of the cost of their education, then future students would pay approximately the same percentage of cost.
 - This promotes fairness in how different students are treated over time.