LAO Recommendation for a Community College Fee Policy

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.