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L E G I S L A T I V E A N A L Y S T ' S O F F I C E

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YEARS OF
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Overview of Tuition-Free Community College Programs

Presented to:
Senate Budget and Fiscal Review
Subcommittee No. 1 on Education
Hon. Marty Block, Chair





Community College Tuition Levels

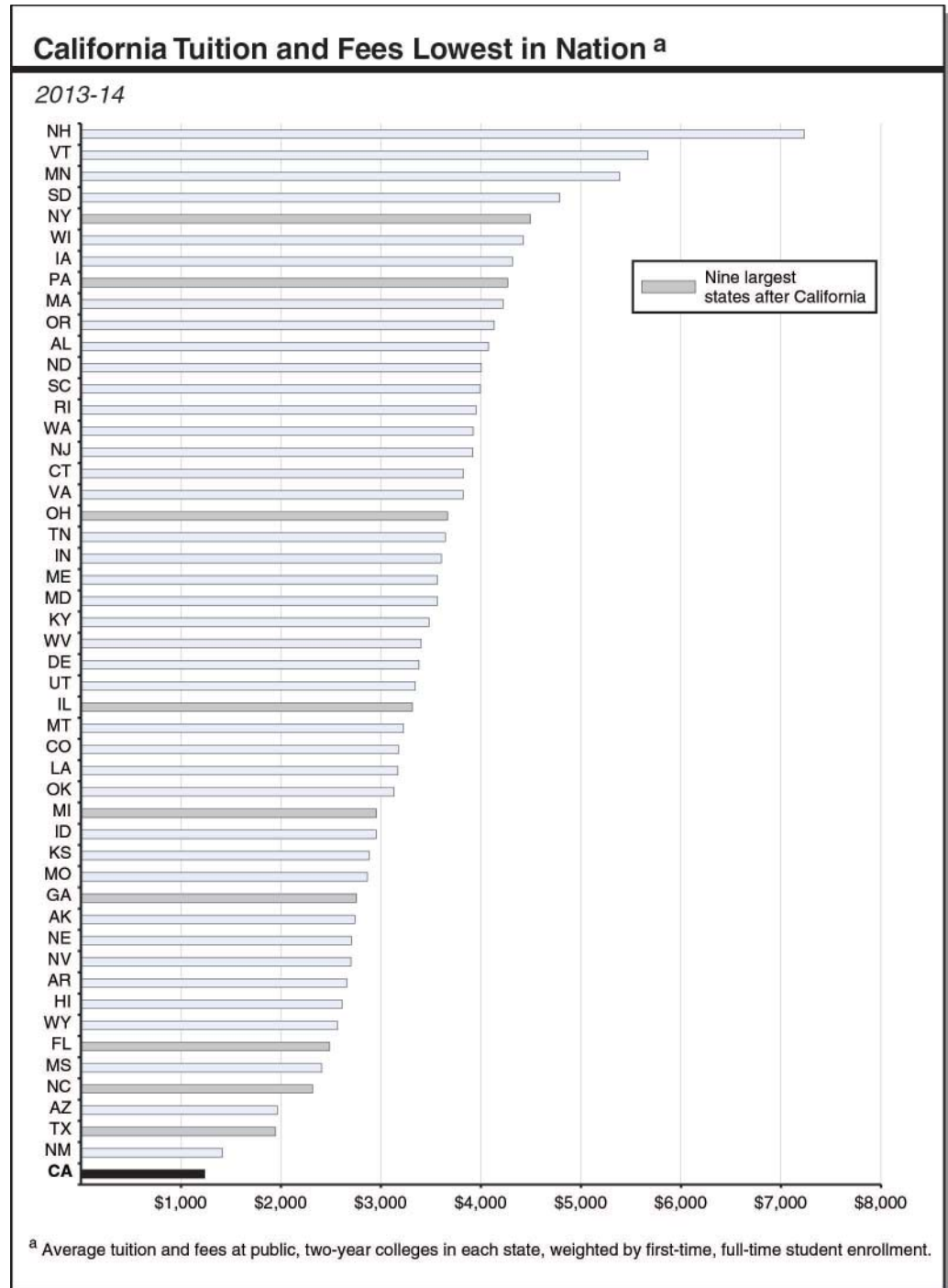


California Community College (CCC) Tuition and Fees Lowest in Nation

- California state law specifies the tuition charge (called an “enrollment fee”) for community colleges. The current rate is \$46 per unit.
- In addition to tuition, community colleges charge fees for specific purposes. Fees are mandatory only if they are authorized in state law, such as health services fees. Other fees, such as parking fees, are not mandatory.
- In 2013-14, the average tuition and fees for full-time students in the system was \$1,238. (This figure includes only certain fees paid by most students.)



Community College Tuition Levels *(Continued)*





Community College Attendance Costs



Cost of Attendance Varies by Living Arrangement

- Attendance costs besides tuition include housing, food, books and supplies, transportation, and personal expenses.
- These costs vary depending on a student's living arrangement. For example, a student living with family typically incurs lower costs for housing.
- In 2013-14, the average cost of attendance in California was \$7,268 for students living off campus with family and \$18,144 for students living off campus not with family. An estimated 57 percent of community college students live off campus with family and 42 percent live off campus not with family. The remaining 1 percent live on campus.



California Cost of Attendance Among Highest in Nation for Certain Students, Lowest for Other Students

- The cost of attendance in California for students not living with family is higher than most other states. This is because California tends to have higher costs for housing, which is a large factor in attendance costs.
- For students living with family, the cost of attendance in California is lower than all but six states. This is because housing is a smaller factor in attendance costs for these students.

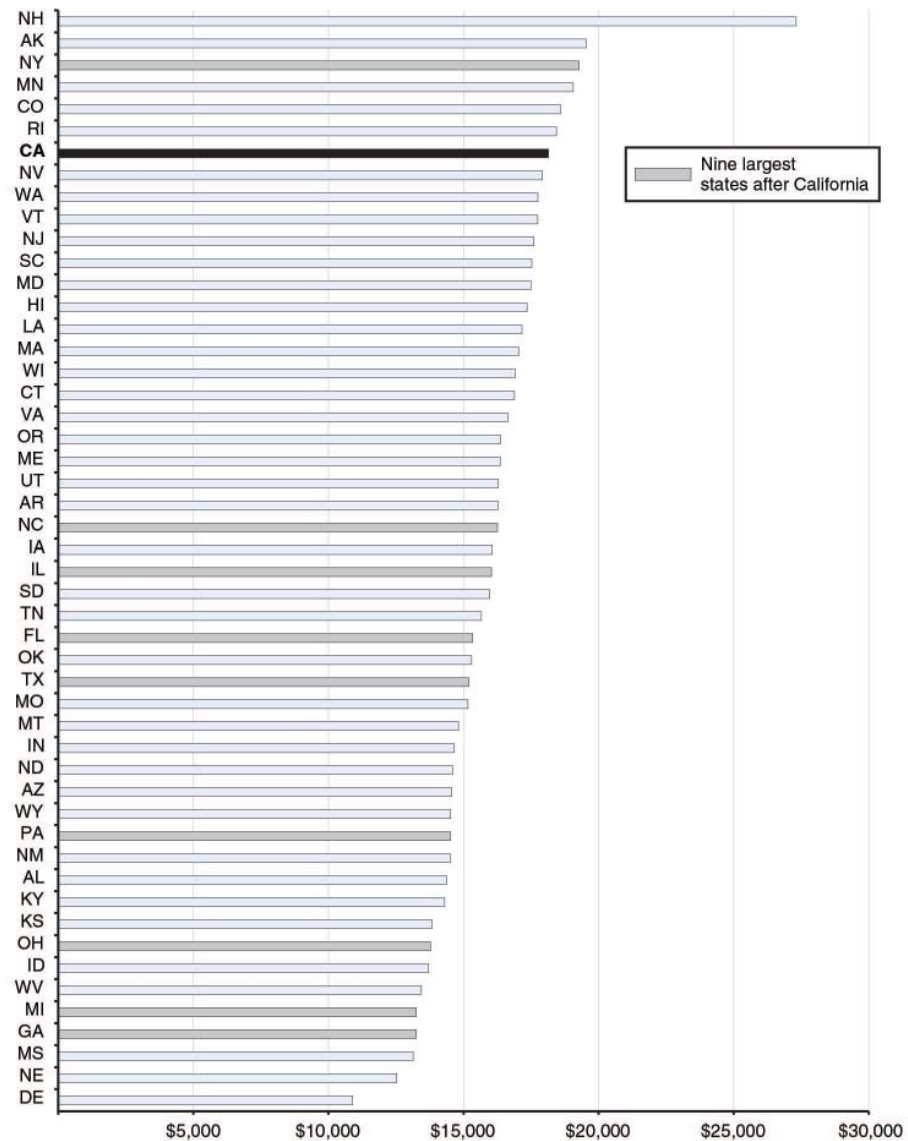


Community College Attendance Costs

(Continued)

California Cost of Attendance Among Highest in Nation for Certain Students^a

2013-14



^a Average cost of attendance for students living off campus not with family at public, two-year colleges in each state, weighted by first-time, full-time student enrollment.



Community College Net Price



Federal, State, and Institutional Grants Reduce Cost of Attendance for Needy Students

- Financial need is determined by a federal formula that takes into account a student's and his/her family's income, assets, household size, and other factors.
- Federal Pell Grants provide up to \$5,775 annually for certain financially needy students. These grants can be used for tuition or other attendance costs.
- States and institutions also provide grant aid. In California, Board of Governor Fee Waivers and Cal Grants are the two most notable programs for community college students. A student receiving both pays no tuition and receives a \$1,656 stipend for living expenses.



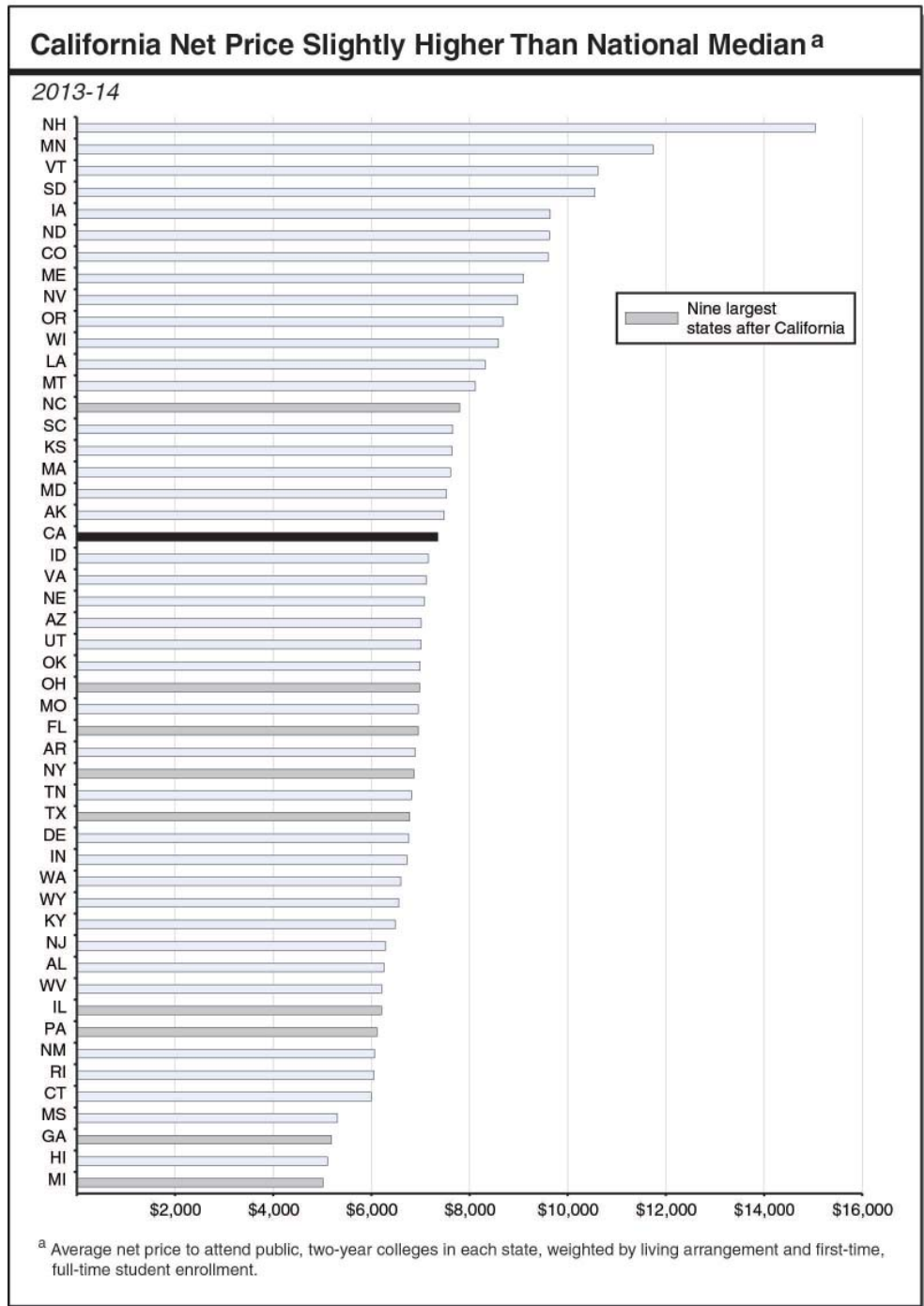
California Net Price Slightly Higher Than National Median

- The "average net price" for an institution equals the average cost of attendance (tuition and living expenses) minus the average grant aid received by grant recipients.
- In 2013-14, the average net price of attending CCC was \$7,353—slightly higher than the nation median of \$7,003.



Community College Net Price

(Continued)





Tuition-Free Community College Programs



Various Proposals Put Forth in Recent Years

- Over the last few years, several state, federal, and local government proposals have surfaced to make community college tuition free.
- Most proposals do not eliminate tuition outright. Rather, they eliminate tuition for students based on certain eligibility criteria. For instance, some proposals limit eligibility to students obtaining a certain grade point average (GPA) in high school.
- Proposals vary in terms of the duration of tuition coverage. For example, some proposals limit students to two years, while others allow for longer coverage.
- Most proposals pay only for instruction, though some pay for a portion of other attendance costs.
- Most proposals are structured to provide the “last dollar,” meaning they cover any remaining tuition *after* accounting for all other forms of tuition grant aid received by the student.



Tuition-Free Community College Programs *(Continued)*



Several State Proposals Put Forth Recently, Two Enacted in Law

- About a dozen states have considered proposals in recent years. In California, AB 1583 (Santiago) was introduced in January 2016. It states the Legislature’s intent to create a “California Promise” program but does not contain any specific details on the program design.
- Two states have enacted programs to date, as summarized in the figure below. Tennessee Promise is the only program that has taken effect, with the first cohort of students having started in fall 2015.

	Tennessee Promise	Oregon Promise
Start Date ^b	Fall 2015.	Fall 2016.
Minimum GPA Requirement	2.0 (college).	2.5 (high school and college).
Deadline to Enroll	Fall after high school graduation.	Within six months of high school graduation.
Required Units	At least 12 units per semester.	At least half time (six to eight units per quarter).
Eligible Institutions / Programs	Community colleges, colleges of applied technology, and associate’s degree programs at certain public and private universities.	Community college transfer, associate’s degree, and career technical education programs.
Other Requirements	Two meetings with mentor. Eight hours of community service per semester. Student must not already have an associate’s degree.	Student must not have already completed 90 or more quarter units in an eligible program.
Tuition Coverage	Generally full tuition, after taking into account all other tuition aid. ^c	Up to the average in-state tuition after taking into account all other tuition aid. Pro-rated for part-time students. Requires a \$50 copay per term.
Other Financial Aid	None.	Recipients already receiving tuition coverage may receive up to a \$1,000 stipend for living expenses.
Length of Program	Up to five semesters.	Up to 90 quarter units.
Annual Cost	\$10.6 million estimated for 2016-17.	Maximum limit of \$10 million.
Fund Sources	State lottery endowment.	General Fund.

^a For both programs, recipients must be state residents who (1) graduate from an in-state high school, (2) apply to the program, and (3) apply for financial aid. Recipients generally must maintain continuous enrollment to have eligibility renewed.

^b Date of first entering cohort of students.

^c Awards used to pay for associate’s degree programs at four-year institutions are based on average tuition and fees at community colleges.



Tuition-Free Community College Programs (Continued)



Initial Data Recently Released From Tennessee Promise

- Tennessee estimates about 80 percent of high school graduates in the state submitted applications. About 28 percent of applicants enrolled. Enrollees received an average award of \$1,020.
- Fall 2015 enrollment at community and technical colleges increased 23 percent, while enrollment at four-year public institutions declined by 7 percent. The net change was a 10 percent increase in enrollment statewide.
- Program recipients had similar GPAs as a comparison group from fall 2014 but were slightly more likely to be white and slightly less likely to have a full Pell grant (an indicator of having a low income).
- State officials are conducting further research to understand (1) why some students do not finish the application, (2) where eligible students not participating in the program choose to enroll, (3) regional differences in participation, and (4) the effect on enrollment at four-year institutions.



Tuition-Free Community College Programs (Continued)



Proposals Recently Put Forth at Federal Level

- In January 2015, President Obama proposed a new America's College Promise program.
- The proposal would eliminate tuition for two years for students attending at least half time who maintain a 2.5 GPA. Students would be required to enroll in programs preparing them for transfer or in occupational training programs with high graduation rates and strong demand from employers.
- Federal funding would cover three-quarters of the cost of education and states choosing to participate would pay the remainder. States already paying more than three-quarters of educational costs would have smaller contributions.
- Legislation pending in Congress (H.R. 2962 and S. 1716) is modeled after the President's proposal.



Tuition-Free Community College Programs

(Continued)



Several Programs Enacted at Local Level

- Certain local agencies, such as cities and community college districts, have implemented programs, with some involving collaboration across multiple agencies.
- Most notably, the city of Chicago enacted the Star Scholarship program starting in fall 2015. This program waives tuition for up to three years for students who (1) graduate from Chicago public high schools with at least a 3.0 GPA and (2) test proficient in English and math on the ACT. The program also pays for books.
- In California, the Long Beach Promise waives tuition for one semester (soon to be two semesters) for all local high school students attending community college immediately after high school. The program began in fall 2008 and has served over 4,000 students since that time. The program is funded through foundation monies, and it also guarantees admission to California State University Long Beach for participants who complete minimum transfer requirements.



Issues for Consideration



Access and Affordability

- Would not charging tuition promote more access to community colleges in California? By how much? Among which types of students?
- Would not charging tuition shift enrollment from the state's public universities to the community colleges? By how much? How would it affect access to higher education statewide (at both public and private colleges)?
- How would the program benefit participants? Would they work fewer hours? Borrow less money in student loans? Reduce student and family college spending from their savings?
- Are there more significant financial barriers to access for students beside tuition? For instance, how do other attendance costs, such as housing costs, affect access? Do these other costs affect access for certain types of students differently?



Completion

- What effect would not charging tuition have on student completion and time to degree? Would students be more likely to complete (and complete faster) because they would have to work fewer hours? Or would not charging tuition reduce the incentives for a student to complete as quickly as possible?



Program Design

- If the state were to adopt a program, what students should be eligible to participate? How would different eligibility criteria affect access, affordability, and student completion? How should the eligibility criteria compare to Board of Governor Fee Waiver and Cal Grant eligibility criteria?
- Would the program require participants to apply for financial aid? Would program awards supplement or supplant other grant aid, such as Board of Governor Fee Waivers and Cal Grants?
- Would the program cover full tuition and fees at every campus, even if fees are higher at some campuses?
- How long would the program pay for tuition and fees?



Costs

- Would the program be an entitlement program? If so, what would be the expected costs and how would costs change as enrollment changes?
- Alternatively, would the program be capped at a certain funding level? If so, how would awards be rationed if eligible applicants exceed the available supply?
- How would the state pay for the program's costs? Would it require the state to redirect resources from other community college programs? If so, what would be the implications for these programs?