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Changes in Student Fee Levels in California's Public Postsecondary Education Systems

This paper compares student fee levels near the time of adoption of the Masterplan with today. Changes in the level and use of student fees include the following:

- ♦ *California public universities have increased student fees dramatically over the past 15 years. Still, they are among the lowest when compared with other states;*
- ♦ *California Community College fees have increased very modestly and remain much lower than any other state; and*
- ♦ *Public university students are funding an increasingly larger proportion of the cost of their instruction – 23% at the California State University and 30% at the University of California.*

Overview

Since the mid 1960s, the levels of mandatory student charges (nonresident tuition and resident student fees) have increased significantly in California's three public postsecondary education systems. While student fees were modest in the 1960s, the percentage increases over the past two decades have been substantial. Revenues from fees have become an integral part of each system's funding. This evolution has been due, in part, to the need for additional non-public resources; but it also demonstrates a change in the view of funding responsibility for college, one that now involves an expectation that students and their families will share a greater proportion of the cost of education.

California's resident student fees remain low in comparison to student charges in most other large states. The additional fee revenues have both supplemented and supplanted general State funding and has been used to fund student services. Over the past twenty years, for example, 20 – 33% of student fee revenues have been distributed to needy students in the form of institutional financial aid.

Student Charges in California

Display 1 shows changes in the levels of "Total" resident student fees in both current and "constant" fiscal year 2004-05 dollars. Student charges have grown substantially since the mid-1960s for the California State University (CSU) and the University of California (UC). Increases in student fees in the California Community Colleges (CCC) have

been more modest over this time. For all three public systems, however, good economic times bring periods of stable fees, followed by large fee increases during California's economic downturns. The cumulative effect of these "boom and bust" cycles has been an increase in student fee levels over the past 15 years.

Student Charges in Other States

It is impossible to compare California's rate of fee increases for its three public systems with other states over a long period of time, for two reasons: (1) every state's higher education structure is organized differently with regard to different type and mission of the states' colleges and universities; and (2) longitudinal information about fees is unavailable or insufficient in many cases. Information

about public institutions that are comparable to UC is available. Display 2 below presents summary information about public flagship universities in nine other large states that are often compared with California. It shows that, although the rate of fee increases for California since 1968 is relatively high, the actual fee students paid at UC in the year 2003-04 (Display 1) was lower than all but one of the States shown below. Fees at the State University are also low in comparison to other states, and fees at the California Community Colleges are much lower than any other state.

DISPLAY 1 Actual and Constant 2004-05 Dollar UC, CSU, CCC "Total" Fees

<u>Year</u>	<u>UC Total Fees</u>		<u>CSU Total Fees</u>		<u>CCC St. Enrlm't Fee</u>	
	<u>Actual</u>	<u>Constant</u>	<u>Actual</u>	<u>Constant</u>	<u>Actual</u>	<u>Constant</u>
1965-66	\$245	\$1,903	\$105	\$816	--	--
1970-71	487	2,854	161	944	--	--
1975-76	647	2,758	194	827	--	--
1980-81	776	2,318	226	675	--	--
1985-86	1,326	2,770	666	1,392	\$100	\$209
1990-91	1,820	2,992	920	1,513	100	164
1995-96	4,139	5,700	1,891	2,604	390	537
2000-01	3,964	4,661	1,839	2,162	330	388
2001-02	3,859	4,326	1,876	2,103	330	370
2002-03	4,017	4,325	2,005	2,159	330	355
2003-04	5,530	5,788	2,572	2,692	540	565
2004-05	6,312	6,312	2,800	2,800	780	780
39-year:						
\$ change	\$6,067	\$4,409	\$2,695	\$1,984	\$680	\$571
% change	2,476%	232%	2,567%	243%	680%	273%

Information for 2004-05 are ESTIMATES, based on the Final 2004-05 Budget.
Total Fees = Mandatory systemwide and campus-based charges.
Source: Fiscal Profiles, 2004 (CPEC).

DISPLAY 2 Average Total Fees in Public Flagship University Systems in Nine Large States (in actual dollars)

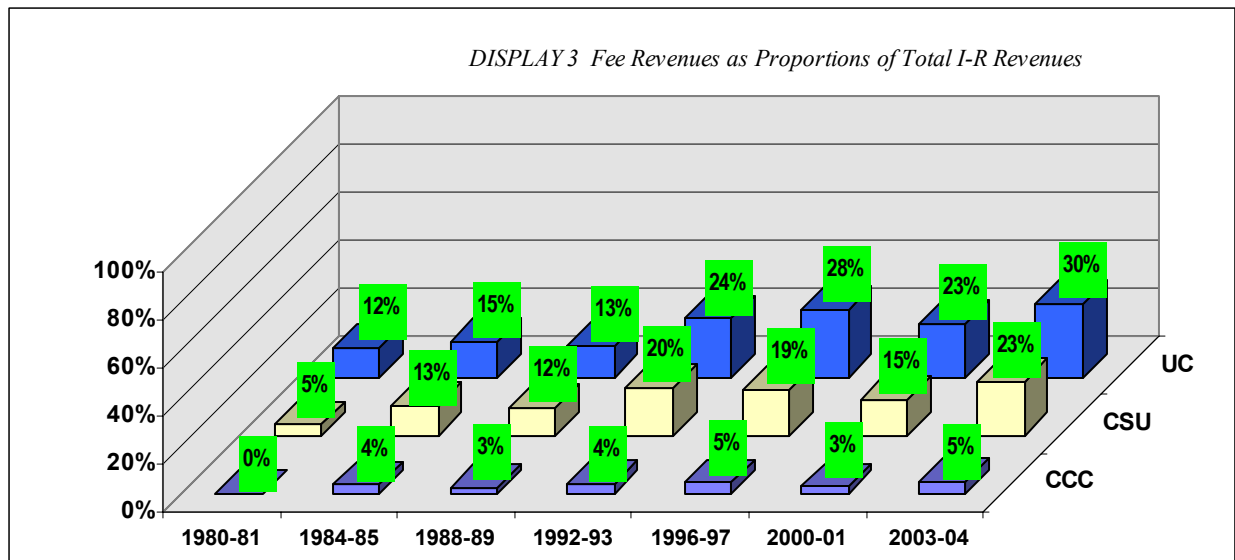
<u>Year</u>	<u>Florida</u>	<u>Illinois</u>	<u>Mass.</u>	<u>Michigan</u>	<u>N Jersey</u>	<u>N York</u>	<u>Ohio</u>	<u>Penn.</u>	<u>Texas</u>
1968-69	\$375	\$282	\$360	\$480	\$528	\$400	\$495	\$525	\$177
1972-73	570	686	469	696	665	815	750	885	267
1977-78	709	814	770	1,078	963	892	915	1,263	378
1982-83	795	1,302	1,545	2,144	1,678	1,150	1,458	2,118	452
1987-88	1,108	2,365	2,006	2,828	2,573	1,474	1,890	3,292	876
1992-93	1,706	3,458	5,062	4,584	4,040	3,073	2,799	4,618	1,420
1997-98	1,994	4,406	5,332	5,878	5,333	4,340	3,660	5,832	3,279
2000-01	2,348	4,994	5,212	6,513	6,333	4,715	4,383	6,852	3,800
2001-02	2,444	5,754	4,212	6,935	6,655	4,815	4,788	7,396	4,266
2002-03	2,581	6,704	6,482	7,485	7,308	4,850	5,454	8,382	5,340
2003-04	2,781	7,010	7,482	7,975	7,927	5,861	6,412	9,206	5,744
35-year:									
\$ change	\$2,406	\$6,728	\$7,122	\$7,495	\$7,399	\$5,461	\$5,917	\$8,681	\$5,567
% change	642%	2,386%	1,978%	1,561%	1,401%	1,365%	1,195%	1,654%	3,145%

Total Fees = Mandatory resident undergraduate tuition and/or fees for public university systems.
Source: Washington State Tuition and Fee Report, Washington H.E.C. Board, January 2004.

Since 1965-66, the United States Consumer Price Index has risen only 495%, while the Higher Education Price Index (a measure of increases in costs paid by colleges and universities) has risen 677%, and California per-capita (per person) personal income has risen 840%.

Fee Revenues as a Percentage of Cost of Instruction

Each public college or university system in California uses fee revenues to help fund its operations. The main component of operations is the “cost of instruction.” Cost of instruction is measured in terms of average appropriations for instructional-related activities (I-R).



Display 3 presents revenues generated through resident undergraduate systemwide student fees in the CCCs, the CSU, and UC as a percentage of each system’s total I-R revenues over the past 24 years. This proportion has changed little in the CCCs since the introduction of systemwide resident student fees in the mid-1980s, ranging from 3 – 5%. For both the CSU and the UC, however, the student revenue proportions have increased significantly since 1980-81. In the CSU, student-generated revenues now represent nearly a quarter of their total I-R revenues; for UC this proportion is 30%.

State Policies on Student Charges

Student fees in California are set differently in each system. The University of California’s Board of Regents maintains the power to set its fee (and nonresident tuition) levels to best meet its needs; however this is usually done in consultation with the Governor and the Legislature. The California State University Board of Trustees and the Board of Governors of the California Community Colleges abide by decisions of the State Legislature and the Governor in the setting of fees; however the Legislature and Governor often ratify decisions initially proposed by the CSU Trustees.

In 1985, the Legislature and the Governor enacted SB 195, a long-term policy on student fees designed to ensure that changes in CSU and UC fees would be reasonable. The policy called for the State to bear the primary responsibility for the cost of higher education and for students to pay a portion of the costs. SB 195 stipulated that any increases in fees be no more than 10% in any one year, that they be “gradual, moderate, and predictable,” and that they be announced at least ten months in advance of taking effect.

That legislation had other provisions that dealt with factors to be included in the fee adjustment calculation. This fee policy, which expired in the mid-1990s, was designed to help families better plan for the cost of a postsecondary education. However, changes in the last ten years in student charges have tended to be driven more by the economic circumstances of the State than by a consistent fee policy.

The Commission has recommended that the State once again adopt long-term policies on fee levels for the State's public postsecondary systems. In 2002, the Commission adopted a set of policy principles to guide the setting of fees. They are:

- ♦ The total cost to the student of attending the university should be considered in setting fee levels;
- ♦ Changes in student fee levels should be gradual, moderate and predictable;
- ♦ Available State General Fund revenue should be considered when setting fee levels;
- ♦ The total cost of educating a student should be considered when setting fee levels;
- ♦ Changes in student fee levels should be mindful of families' ability to pay; and
- ♦ Students and their families should be provided with timely information about available financial aid.

Some of these principles have been adopted by the Governors and the Legislature over the years, however they have not been implemented as State policy that would guide decisions on student fee levels over time.

Summary

In the 1960's, resident student charges at California's two public university systems were modest and were substantially lower than those in most comparable states. Although fees have increased dramatically over the past 15 years, they are still among the lowest when compared with other states. Despite recent increases in community college fees, they remained lower than any other state.

California public college and university students are funding an increasingly larger proportion of the cost of their instruction. Revenues from student charges have become an integral part of higher education funding.