

Chancellor's Office  
California Community Colleges

**Addendum:  
Impacts of Student Fee Increase and Budget  
Changes on Enrollment in the  
California Community Colleges**

**Analysis of Fee Increase from \$18 to \$26 per unit**

**A Report to the Legislature, pursuant to provisions of the 2004-05 Budget  
Act**

**December, 2005**

California Community Colleges Chancellor's Office  
[www.cccco.edu](http://www.cccco.edu)





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## Executive Summary

This report contains a further analysis of fee increases in the California Community Colleges, specifically the increase from \$18 per unit to \$26 per unit instituted in Fall 2004. The report also continues the analysis of the prior fee increase (from \$11/unit to \$18/unit) that was implemented in Fall 2003 and of the budget volatility that the system experienced in the early 2000's.

The analysis in this report finds the following points as prominent:

- As related to fee increases and the budgetary climate:
  - The increase from \$18/unit to \$26/unit occurred in a fiscal year (2004-05) that saw an increase in overall system budget; unlike past fee/budget scenarios in the 1980's and 1990's, the fee increase was not paired with a budget decrease or stagnation. However, the immediate prior year (2003-2004) ended a three-year budget cut/budget stagnation/fee increase cycle that had already caused a drop of over 300,000 students and over 12,000 course sections.
- As related to the effects of the fee increase on student headcount and FTES:
  - Even with a system budget augmentation in 2004-05, total student headcount in primary terms and annually unduplicated headcount continued to fall (down 1.33%).
  - System full-time equivalent students (FTES) dropped 2.15% for 2004-05.
  - When compared to earlier headcount projections made before the fee increase/supply constriction, the loss of headcount by Fall 2004 is over 240,000.
- As related to the system's response to increased availability of resources:
  - The system responded to the increased funding available to it by adding back over 7,000 new course sections in Spring 2005. There were no additional course sections added in Fall 2004 (compared to the immediate prior Spring term) because Fall course schedules are made well in advance of the State budget being passed and signed.
  - Even with an additional 7,000+ new course sections added, the total number of sections available generated fewer enrollments, and as a result, section sizes were reduced from approximately 28 to 26.5.
  - The curricular areas that showed the greatest loss in FTES from before the fee increases to present included Physical Education, Information Technology and IT-related offerings, Art, and Music.
  - Curricular areas that gained during the same time period included such vocational programs as Real Estate, Industrial Technology, Fire Technology, Culinary Arts, Radiologic Technology, and curricular areas that act as prerequisites to Allied Health Sciences (including Nursing.)
  - FTES generated from Special Admit (K-12) students taking Physical Education courses has dropped over 91% from its peak in 2001-02. This accounts for over 100,000 of the 314,000 lost headcount of annually unduplicated students.
- As related to changes in the overall student population (from before the fee increases to present):
  - There was little change in gender distribution.

- The distribution of student ethnicity showed patterns that are similar to patterns in prior terms (a greater percentage of underrepresented ethnicities, a smaller percentage of white students).
- A distinct shift in distribution by age group showing a much greater percentage of students age 18-24 and a significant drop in students 30 and over.
- An increase in the percentage of students with “degree, certificate, or transfer-seeking” as their stated goal.
- An increase in the percentage of students who are full-time.
- As related to first-time, returning, and continuing students (enrollment status):
  - A continued decline in the absolute number of first-time students. This figure continues to be down approximately 140,000 from 2003-2004, and the phenomenon has now occurred for two consecutive years.
  - An increase of approximately 25,000 from 2003-04 in the number of returning students (previously enrolled at a CC, stopped out for one or more primary terms, then re-enrolled); this represents at least a partial restoration of access for students previously enrolled but who left the system and have now returned.
  - A decrease of approximately 50,000 in the number of continuing students between 2003-04 and 2004-05. The decrease in this figure is likely due to the much smaller volume of first-time students in 2003-04 who normally would become continuing students in 2004-05. *In light of this relationship, the fact that we now have consecutive years of depressed first-time student volumes is a cause for concern as the system attempts to keep FTES levels constant and attempts to grow once again.*
  - The demographic profile of the 2004-05 first-time and returning student populations show a similar, yet more pronounced skew upon the trends of the entire student population, including a significant drop in the percentage of first-time/returning students age 25 and older. *As a result of the fee increase, our first-time student populations are becoming more “traditional” in nature (more full-time, more degree-seeking, younger). Older students are not accessing the system in the same proportions as they used to.*
- Regarding the impact upon student participation by geography and income levels:
  - For all three time periods tested (Fall 2002 to Fall 2004, Fall 2003 to Fall 2004, and Spring 2004 to Spring 2005), an analysis of headcount by low-, medium-, and high-income zip codes showed no trend toward lower-income geographical areas having disproportionate declines in the number of community college attendees. This outcome points to the effectiveness of the statewide financial aid campaign (“I Can Afford College”, [www.icanaffordcollege.com](http://www.icanaffordcollege.com)), which targeted these populations.
- Regarding student success and retention rates:
  - As a result of fee increases, student retention rates have increased, but no associated increase in student success rates is shown.

## Outline

- ***Funding***
  - Table 1: System Funding, 1992-94 to present
  
- ***Student Headcount***
  - Table 2: Student Headcount by Primary (Fall/Spring) Terms, Fall 2001-Spring 2005
  - Table 3: Comparison of Projected Fall Headcounts vs. Actual, Fall 2001-Fall 2004 (using Chancellor's Office Projections)
  - Table 4: Annual Unduplicated Student Headcount and Full-Time Equivalent Students (FTES), 2001-02 to 2004-05
  
- ***Course Sections***
  - Table 5: Sections Offered, Total Enrollments, and Average Section Size, Fall 2001-Spring 2005
  - Table 6: Top Ten Curricular Areas in Lost FTES, 2002-03 to 2004-05
  - Table 7: Top Ten Curricular Areas in Gained FTES, 2002-03 to 2004-05
  - Table 8: Special Admit (K-12) Students in Physical Education Courses: Headcount and FTES, 2001-02 through 2004-05
  
- ***Student Demographics***
  - Total Student Populations
    - Table 9: Distribution of Students by Gender, Fall 2001-Spring 2005
    - Table 10: Distribution of Students by Ethnicity, Fall 2001-Spring 2005
    - Table 10a: Distribution of Students by Ethnicity (volume), Fall 2001-Spring 2005
    - Table 11: Distribution of Students by Age, Fall 2001-Spring 2005
    - Table 11a: Distribution of Students by Age (volume), Fall 2001-Spring 2005
    - Table 12: Distribution of Students by Educational Goal, Fall 2001-Spring 2005
    - Table 13: Distribution of Students by First Census Credit Load, Fall 2001-Fall 2004
    - Table 13a: Distribution of Students by First Census Credit Load, Spring 2002-Spring 2005
    - Table 14: Unduplicated Student Headcount by Enrollment Status, 2001-02 to 2004-05
    - Table 15: Total Headcount of First-Time and Returning Students, 2001-02 to 2004-05
      - Table 16: Distribution of First-Time and Returning Students by Gender, 2002-03, 2003-04 and 2004-05
      - Table 17: Distribution of First-Time and Returning Students by Ethnicity, 2002-03, 2003-04 and 2004-05

- Table 18: Distribution of First-Time and Returning Students by Age (minimum age 18), 2002-03, 2003-04 and 2004-05
  
- ***Assessing Impact by Student Income Levels***
  - Chart 1: Correlation of Gain/Loss in Student Headcount per Zip Code by Median Household Income of Zip Code, Fall 2002 – Fall 2004
  - Chart 2: Correlation of Gain/Loss in Student Headcount per Zip Code by Median Household Income of Zip Code, Fall 2003 – Fall 2004
  - Chart 3: Correlation of Gain/Loss in Student Headcount per Zip Code by Median Household Income of Zip Code, Spring 2004 – Spring 2005
  
- ***Student Retention and Success***
  - Table 19: Student Retention and Success Rates, Fall 2001-Fall 2004
  - Table 20: Student Retention and Success Rates, Fall 2004 by Age Group
  
- ***Conclusions***

## Overview of Report

This report acts as an addendum to the April 2005 report entitled “Impacts of Student Fee Increase and Budget Changes on Enrollment and Financial Aid in the California Community Colleges.” The first report examined the changes in system student populations as a result of the fee increase from \$11/unit to \$18/unit along with the system budget cuts of the early 2000’s. The contents of this addendum include a further analysis of the subsequent fee increase from \$18/unit to \$26/unit which went into effect in Fall 2004, and more specifically, an analysis of various datasets comparing 2004-2005 figures (the shaded numbers in the tables) with prior terms and years.

## Supply and Demand: Student Fees and System Funding

Student per unit fees are set by the Legislature, and represent a direct cost of accessing the system to the student consumer. The laws of supply and demand are at play; higher fees tend to lead to lower participation rates, while the opposite is true for lower fees. The presence or absence of available financial aid programs affects this phenomenon, but it alone is not a panacea or mitigation for increased fees. Fees are generally considered a factor that directly affects the *demand* for the educational product of the CCC system.

Student fees represent a small portion of system funding in the CCC system; the vast majority of operating funds come from State budget appropriations, with a lesser amount coming from local property tax revenue sources. Since the bulk comes from an annual appropriation of the State budget, the volatility of the funding source plays a key role in affecting the *supply* of the educational commodity. During periods where funding is less than expected, colleges respond by providing fewer course section offerings, thus shrinking demand. Actual budget cuts force even more drastic measures, including layoffs of staff and faculty.

Both fees and the system budget affect the total number of students who access the CCC system; they do not work in isolation of each other. As such, it is difficult to truly measure the effects of either specifically as it relates to changes in system access.

## History of Fees in the California Community Colleges

Below is a history of primary student fee charges and associated events that precipitated changes in these fees.

Time Frame	Per Unit Fees	Precipitating Event(s)
Prior to Fall 1984	\$0	
Fall 1984 - Spring 1991	\$5, capped at \$50 per semester	Passage of Prop.13 (1978) Recession in 1982-83
Fall 1991 – Fall 1993	\$6, capped at \$60 per semester	Recession/State Budget Crisis of 1991-93
Spring 1993	\$10, cap eliminated  Differential fee of \$50/unit for holders of BA/BS degrees	
Fall 1993 to Fall 1995	\$13  Differential fee of \$50/unit for holders of BA/BS degrees	
Spring 1996 to Fall 1998	\$13  Differential fee eliminated	Period of economic boom
Spring 1999 to Fall 1999	\$12	
Spring 2000 to Spring 2003	\$11	
Fall 2003 – Spring 2003	\$18	Recession/State Budget Crisis of 2001-04
Fall 2004 – present	\$26	

***Analysis of Fee History.*** A cyclical pattern of fee increases has developed in the CCC system. Budget crises experienced by the State invariably affect fees; during each recessionary period, per unit student fees have been increased by the Legislature. These fee increases tend to raise to levels that go beyond merely keeping up with inflationary pressures, and represent true increases in cost to the consumer.

## Funding

As shown in Table 1, the California Community Colleges (CCC) enjoyed a period of strong funding growth after the budget crises of the early 1990's. FY 2002-03 marked the first decline in system funding since FY 1993-94. Combined with rapid growth in demand caused by Tidal Wave II, this funding reduction not only hampered the system's ability to serve the influx of new students, it also affected the system's ability to serve existing students in ways that are further examined in this paper.

It should be noted that the drop in system funding between 2001-02 and 2002-03 seems marginal (from \$4.956 billion to \$4.907 billion) on the surface. But given the strain placed on the system in attempting to satisfy access demands from Tidal Wave II, such a small percentage drop caused a very large reaction, especially since system funding had been averaging annual increases of 8.8% from 1995-96 to 2001-02. In fact, funding fell sharply on a per-student basis. Between 2001-02 and 2003-04, funding per full-time equivalent student (FTES), adjusted for inflation, fell 5.9%. In addition, the original Governor's budget for 2003-04 proposed a far greater cut (over 10%). Accordingly, colleges scaled back their offerings in anticipation of this.

System funding for 2004-2005 increased substantially for the first time in three years. Colleges who had been in a conservative mode regarding course offerings were able in concept to begin creating a greater supply of courses. However, fees increased from \$18 to \$26 per unit in Fall 2004, thus putting a demand damper on the newly available funds.

**Table 1: System Funding, 1992-94 to Present**

<b>Fiscal Year</b>	<b>System Funding (Billions)</b>
1992-93	\$2.738
1993-94	2.729
1994-95	2.757
1995-96	2.948
1996-97	3.199
1997-98	3.530
1998-99	3.889
1999-00	4.087
2000-01	4.672
2001-02	4.956
2002-03	4.907
2003-04	4.969
2004-05	5.416

Source: Chancellor's Office, Fiscal Services

## Student Headcount

Table 2 shows the recent history of student headcount for primary (Fall and Spring) terms in the CCC system. Correlating closely with system funding, headcount gains peaked in 2001-2002 when the last annual funding increases occurred (prior to the current increase). Funding declined or stayed the same for three consecutive years (2001-2002 to 2003-2004), and in combination with fee increases, caused a decline in the number of students served by the system.

The combined effect of increased system funding in 2004-2005 along with the fee increase from \$18/unit to \$26/unit did not cause an immediate return of student headcount to the system. Although rates of population decrease in the system slowed significantly, the system continued to serve fewer students in 2004-2005.

**Table 2: Student Headcount by Primary (Fall/Spring) Terms, Fall 2001-Spring 2005**

Term	Headcount	Change*
Fall 2001	1,686,963	3.0%
Spring 2002	1,741,434	3.2%
Fall 2002	1,748,361	0.4%
Spring 2003	1,694,873	-3.1%
Fall 2003	1,634,550	-3.6%
Spring 2004	1,618,750	-1.0%
Fall 2004	1,605,316	-0.8%
Spring 2005	1,601,217	-0.3%

Source: Chancellor's Office, Management Information Services

\*Change from preceding preliminary term

Table 3 below shows where current headcounts are in relation to previously projected headcounts (using Chancellor's Office estimates). The projection series here was performed in 2001, before increased fees and supply constriction took place:

**Table 3: Comparison of Projected Fall Headcounts vs. Actual, Fall 2001-Fall 2004 (using 2001 Chancellor's Office Projections)**

Term	2001 Projection	Actual	Diff.
Fall 2001	1,685,723	1,686,963	1,240
Fall 2002	1,756,445	1,748,361	-8,084
Fall 2003	1,794,920	1,634,550	-160,370
Fall 2004	1,845,731	1,605,316	-240,415

Until Fall 2002, projections were predicting actual headcount quite accurately, based on \$11/unit and normal annual system funding growth. The fee increases and supply constriction beginning in Fall 2003 now show a sizeable gap from earlier projections.

## Annual Unduplicated Headcount and Full-Time Equivalent Students (FTES)

Even with increased system funding, the system continued to decline in the annual number of unduplicated students and annual generated system FTES.

**Table 4: Annual Unduplicated Student Headcount and Full-Time Equivalent Students (FTES), 2001-02 to 2004-05**

Year	Annual Unduplicated Headcount	Change	Pct	FTES	Change	Pct
2001-02	2,811,418	162,231	6.12%	1,132,574.20	79,682.96	7.60%
2002-03	2,829,995	18,577	0.66%	1,163,868.08	31,293.88	2.80%
2003-04	2,549,925	-280,070	-9.90%	1,114,291.75	-49,576.33	-4.30%
2004-05	2,516,036	-33,889	-1.33%	1,090,381.33	-23,910.42	-2.15%

Source: Chancellor's Office, Management Information Services

*Note on definitions:* "Annual unduplicated headcount" differs from term headcount in that it counts the number of students who enrolled at any time in a full year in the CCC system. It does not double count if a student enrolls at multiple institutions or in multiple terms; a student who enrolled in two institutions in Fall and in Spring is counted as one unduplicated student.

"FTES" here is not the FTES reported to the Chancellor's Office Fiscal Services unit; it is derived FTES based upon annual MIS data submissions, and is not influenced by fiscal apportionment constraints. The two FTES calculations are not intended to match nor should they match. MIS FTES represents actual FTES generated, including over-cap FTES, and not just FTES claimed or allowable.

## Course Sections

It is likely that schedules for Fall 2004 were in place long before knowledge of the outcome of the 2004-2005 budget was known; colleges in general are not flexible enough to make significant changes to course offerings weeks before a primary term is to begin. (The annual budget is usually signed in July-August, and Fall terms begin shortly thereafter.) As shown below, colleges did expand course offerings significantly in Spring 2005 once they knew of the increased funding.

Unfortunately, the increased offerings also suffered from the dampening effect on demand of the fee increase in Fall 2004; while over 6,000 new sections were offered systemwide, the newly increased supply generated 75,000 fewer enrollments. (An enrollment is one student in one course; a student taking 4 courses in a term generates 4 enrollments.) What occurred as a result was a reduction in section size.

**Table 5: Sections Offered, Total Enrollments, and Average Section Size, Fall 2001-Spring 2005**

<b>Term</b>	<b>Sections Offered</b>	<b>Enrollments</b>	<b>Average Section Size</b>
Fall 2001	166,735	4,564,156	27.37
Spring 2002	172,811	4,674,836	27.05
Fall 2002	170,373	4,867,043	28.57
Spring 2003	164,597	4,676,951	28.41
Fall 2003	160,573	4,684,539	29.17
Spring 2004	165,261	4,580,776	27.71
Fall 2004	165,221	4,618,651	27.95
Spring 2005	171,295	4,542,878	26.52

Source: Chancellor's Office, Management Information Services

***Full-Time Equivalent Student (FTES): Gains and Reductions in Curricular Areas.***

Tables 6 and 7 show the top ten curricular areas (as defined by TOP Code) where gains and losses occurred between the 2002-03 and the 2004-05 academic years.

**Table 6: Top Ten Curricular Areas in Lost FTES, 2002-03 to 2004-05**

<b>Subject Area</b>	<b>02-03 FTES</b>	<b>04-05 FTES</b>	<b>FTES Loss</b>
Physical Education	83,747.9	65,980.2	17,767.7
Information Technology, General	34,482.1	25,045.7	9,436.4
General Studies	123,413.2	114,348.9	9,064.3
Computer Software Development	8,848.2	5,287.5	3,560.7
Office Technology/Office Computer Applications	17,893.8	14,632.3	3,261.5
Art	32,512.6	29,656.1	2,856.5
Music	29,393.1	26,709.3	2,683.8
Administration of Justice	23,342.0	20,919.2	2,422.8
Mathematics, General	105,219.0	103,253.3	1,965.7
Electronics and Electric Technology	5,843.5	4,011.8	1,831.7

Source: Chancellor's Office, Management Information Services

There was a significant drop in computer-related technology program FTES (CIS, programming, electronics, office technology applications) primarily due to a lack of demand in the labor market for such programs. The curricular area that showed the greatest decrease in FTES was Physical Education; much of this was from concurrently enrolled K-12 students (shown in Table 8).

**Table 7: Top Ten Curricular Areas in Gained FTES, 2002-03 to 2004-05**

<b>Subject Area</b>	<b>02-03 FTES</b>	<b>04-05 FTES</b>	<b>FTES Gain</b>
Real Estate	5,065.8	7,140.4	2,074.6
Manufacturing and Industrial Technology	7,667.8	9,606.2	1,938.4
Anatomy and Physiology	6,634.0	8,044.3	1,410.3
Fire Technology	9,888.0	10,906.2	1,018.2
Chemistry, General	23,147.9	23,992.0	844.1
Nutrition, Foods, and Culinary Arts	7,882.0	8,630.2	748.2
Microbiology	1,223.6	1,887.2	663.6
Sociology	15,641.0	16,161.8	520.8
Radiologic Technology	2,460.3	2,945.4	485.1
Speech Communication	21,824.3	22,179.4	355.1

Source: Chancellor's Office, Management Information Services

The curricular areas that increased in FTES systemwide during this time have both a vocational and health occupations flavor. Real Estate was a very highly desired vocational training during this time because of the booming housing markets in California. Other areas like Anatomy and Physiology, Chemistry, and Microbiology are frequently prerequisites for health programs, including nursing. Fire Technology,

Culinary Arts, and Radiologic Technology are specific vocational programs that saw growth during this time period.

***FTES and Headcount: Special Admit (K-12) Students in Physical Education Courses.***

Table 8 shows the decline in the number of and FTES generated by special admit (K-12) students taking physical education courses in the CCC system. This activity has dropped over 91% since its peak.

**Table 8: Special Admit (K-12) Students in Physical Education Courses: Headcount and FTES, 2001-02 through 2004-05**

Year	Summer		Fall		Winter		Spring		Annual Total	
	Students	FTES	Students	FTES	Students	FTES	Students	FTES	Students	FTES
<b>01-02</b>	77,719	10,838	34,974	4,293	663	77	36,353	4,384	123,108	19,592
<b>02-03</b>	71,927	10,125	22,844	2,848	604	67	14,029	1,699	97,782	14,739
<b>03-04</b>	13,347	1,284	8,232	963	418	44	7,494	825	26,357	3,116
<b>04-05</b>	5,573	489	5,216	582	467	36	6,014	643	15,538	1,750

Source: Chancellor's Office, Management Information Services

## Student Demographics

In examining the loss of students from the increased fees and volatile supply (budget), it is important to examine changes in student demographics that might have occurred as a result. In doing this, we will compare population distributions before these factors took effect (beginning in Fall 2001) and those after the budget constriction and the most recent fee increase to see if demographic elements of the CCC populations changed as a result.

**Total Student Populations: Distribution by Gender.** Table 9 shows less than a 1% difference in the distribution of student gender in the total CCC student population.

**Table 9: Distribution of Students by Gender, Fall 2001-Spring 2005**

Gender	Fall 2001	Spring 2002	Fall 2002	Spring 2003	Fall 2003	Spring 2004	Fall 2004	Spring 2005
Female	55.6%	54.9%	55.7%	55.8%	56.2%	55.7%	56.2%	55.3%
Male	43.6%	44.1%	43.2%	43.1%	42.5%	43.1%	42.7%	43.4%
Unknown	0.9%	1.0%	1.0%	1.1%	1.3%	1.2%	1.1%	1.3%

Source: Chancellor's Office, Management Information Services

**Total Student Populations: Distribution by Ethnicity.** Table 10 shows less than 1% differences in the distribution of student ethnicity in the total CCC student population over the period of Spring 2003 to Spring 2005. Since Fall 2001, however, the percentage of students who are white has dropped 3%. The table shows a gain in the percentage of certain underrepresented populations (Hispanic/Black/Native American) and a slight drop in the percentage for the Asian population between Fall 2002 and Spring 2005.

**Table 10: Distribution of Students by Ethnicity, Fall 2001-Spring 2005 (Rate)**

Ethnicity	Fall 2001	Spring 2002	Fall 2002	Spring 2003	Fall 2003	Spring 2004	Fall 2004	Spring 2005
Asian/Filipino/ Pacific Islander	15.9%	15.7%	16.0%	15.9%	16.4%	16.1%	16.3%	15.9%
Hispanic	27.0%	26.8%	27.1%	27.0%	27.7%	27.8%	28.3%	28.2%
Black/African American	7.0%	7.0%	7.2%	7.1%	7.2%	7.2%	7.3%	7.3%
Native American	0.9%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Other Non-White	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
White	40.4%	40.5%	39.7%	39.9%	38.4%	38.4%	37.6%	37.7%
Unknown/Decline to State	6.9%	7.1%	7.2%	7.3%	7.5%	7.6%	7.8%	8.2%

Source: Chancellor's Office, Management Information Services

**Table 10a: Distribution of Students by Ethnicity, Fall 2001-Spring 2005 (Volume)**

<b>Ethnicity</b>	<b>Fall 2001</b>	<b>Spring 2002</b>	<b>Fall 2002</b>	<b>Spring 2003</b>	<b>Fall 2003</b>	<b>Spring 2004</b>	<b>Fall 2004</b>	<b>Spring 2005</b>
Asian/Filipino/ Pacific Islander	277,687	282,319	288,703	277,567	279,508	271,207	271,806	265,205
Hispanic	473,786	486,376	494,273	477,488	472,525	470,146	474,484	472,210
Black/African American	122,121	125,728	128,746	123,743	121,488	121,349	121,155	120,494
Native American	16,658	17,258	16,271	16,316	14,832	14,797	14,609	14,622
Other Non-White	33,300	34,361	34,066	33,282	32,632	32,900	32,089	32,115
White	699,327	724,326	711,653	693,000	648,358	641,466	622,339	622,664
Unknown/Decline to State	126,891	136,196	138,713	134,041	134,064	134,659	135,251	142,818

Source: Chancellor's Office, Management Information Services

**Total Student Populations: Distribution by Age.** Table 11 shows a significant decline in the distribution of students less than 17 years of age offset by an increase in the percentage of students age 18-24. While there has been little change for the 25-29 age group, all age groups 30 and older show significant drops in overall student percentages.

**Table 11: Distribution of Students by Age, Fall 2001-Spring 2005 (rate)**

<b>Age</b>	<b>Fall 2001</b>	<b>Spring 2002</b>	<b>Fall 2002</b>	<b>Spring 2003</b>	<b>Fall 2003</b>	<b>Spring 2004</b>	<b>Fall 2004</b>	<b>Spring 2005</b>
0-17	6.0%	5.7%	5.4%	4.1%	3.9%	3.5%	4.0%	3.6%
18-19	17.0%	15.2%	17.2%	15.9%	18.6%	17.0%	19.5%	17.5%
20-24	24.9%	25.4%	25.9%	27.1%	27.4%	28.3%	28.0%	28.6%
25-29	11.9%	12.2%	12.0%	12.4%	12.1%	12.4%	11.9%	12.3%
30-34	9.0%	9.3%	9.0%	9.1%	8.5%	8.7%	8.1%	8.3%
35-39	7.4%	7.6%	7.1%	7.2%	6.7%	6.8%	6.4%	6.7%
40-49	11.5%	12.0%	11.3%	11.7%	10.9%	11.2%	10.4%	10.9%
50+	11.8%	12.2%	11.8%	12.3%	11.6%	11.8%	11.3%	11.8%
Unknown/Decline to State	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%

Source: Chancellor's Office, Management Information Services

**Table 11a: Distribution of Students by Age, Fall 2001-Spring 2005 (volume)**

Age	Fall 2001	Spring 2002	Fall 2002	Spring 2003	Fall 2003	Spring 2004	Fall 2004	Spring 2005
0-17	103,750	102,936	93,822	72,925	66,836	60,395	67,009	61,941
18-19	292,374	270,274	306,435	273,533	310,816	281,142	320,675	285,612
20-24	433,662	454,168	465,116	469,400	462,256	473,232	463,703	472,355
25-29	211,202	222,920	220,407	218,624	206,737	210,722	200,994	207,069
30-34	160,621	171,101	165,056	161,394	147,402	147,871	137,074	140,202
35-39	132,040	139,357	131,576	128,178	115,540	116,735	109,004	113,560
40-49	204,111	219,642	208,733	207,575	187,751	190,541	177,113	184,063
50+	214,445	228,195	223,019	223,521	206,267	206,586	197,670	205,820
Unknown/Decline to State	10,284	10,392	9,822	9,375	8,256	6,443	5,689	5,992

Source: Chancellor's Office, Management Information Services

**Total Student Populations: Distribution by Educational Goal.** Table 12 shows a significant increase since Fall 2001 in the distribution of students with a goal of “degree/certificate/transfer-seeking,” as stated by students on their application for enrollment.

**Table 12: Distribution of Students by Educational Goal, Fall 2001-Spring 2005**

Goal	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Spring 2002	Spring 2003	Spring 2004	Spring 2005
Degree/Certificate/ Transfer-Seeking	39.4%	41.0%	42.7%	43.4%	38.1%	40.4%	42.5%	42.2%
Undecided	16.2%	16.6%	15.8%	15.2%	16.6%	16.2%	15.5%	15.3%
Unknown	13.3%	11.8%	11.8%	12.3%	12.9%	11.8%	10.9%	11.5%
All Other	31.1%	30.7%	29.8%	29.1%	32.4%	31.5%	31.1%	31.0%

Source: Chancellor's Office, Management Information Services

**Total Student Populations: Distribution by First-Census Credit Load.** Table 13 shows a decline in the distribution of students who were part-time and an increase in students who were full-time. Credit loads were measured as of first-census date.

**Table 13: Distribution of Students by First Census Credit Load  
Fall 2001-Fall 2004**

<b>First Census Credit Load</b>	<b>Fall 2001</b>	<b>Fall 2002</b>	<b>Fall 2003</b>	<b>Fall 2004</b>
Part-Time (<12 Semester Units)	72.8%	72.6%	71.5%	71.1%
Full-Time (=> 12 Semester Units)	27.2%	27.4%	28.5%	28.9%

Source: Chancellor's Office, Management Information Services

**Table 13a: Distribution of Students by First Census Credit Load  
Spring 2002-Spring 2005**

<b>First Census Credit Load</b>	<b>Spring 2002</b>	<b>Spring 2003</b>	<b>Spring 2004</b>	<b>Spring 2005</b>
Part-Time (<12 Semester Units)	74.6%	73.8%	72.7%	72.8%
Full-Time (=> 12 Semester Units)	25.4%	26.2%	27.3%	27.2%

**Total Student Populations: Distribution by Enrollment Status.** Table 14 shows the distribution of student populations in the CCC system by enrollment status. There are some very significant changes worth noting here.

- First-time student populations have shown large and significant decreases over time; far fewer first-time students were able to access the system.
- Returning student populations (students who were previously enrolled but who left for at least one primary term, then re-enrolled) hit a low in 2003-2004 and then rebounded by approximately 25,000 students. It is hypothesized that this increase in returning students represents at least a portion of students who could not get classes or access the system during the prior fee increase/budget cuts of the two years prior.
- Continuing students (students already enrolled in the system) were not affected nearly as much as first-time and returning students but showed a decline in 2004-2005. The likely culprit of this is the much smaller cohort of first-time students in 2003-2004 who normally would take their place. What is troubling about the decline in continuing students is that with two consecutive years of much smaller first-time student populations, there will be a much smaller number of students available to continue in future terms; this will make it more difficult for the system to grow as it struggles to maintain a base level of FTES generated by students already enrolled.
- Special admit (K-12) student populations have decreased by over 50% since 2001-2002, with the vast majority of the lost headcount here being special admits in physical education.

**Table 14: Unduplicated Student Headcount by Enrollment Status, 2001-02 to 2004-05**

<b>Enrollment Status</b>	<b>01-02</b>	<b>02-03</b>	<b>03-04</b>	<b>04-05</b>	<b>Change: 01-02 to 04-05</b>	<b>Pct.</b>
First-Time	961,722	961,499	830,579	824,279	-137,443	-14.3%
Returning	498,303	489,670	440,040	465,230	-33,073	-6.6%
Continuing	989,068	1,068,736	1,040,503	992,415	3,347	0.3%
Special Admit	240,786	154,209	118,745	112,415	-128,371	-53.3%
Unknown	122,144	155,881	118,297	121,697	-447	-0.4%
<b>Total</b>	<b>2,812,023</b>	<b>2,829,995</b>	<b>2,548,164</b>	<b>2,516,036</b>	<b>-295,987</b>	<b>-10.5%</b>

Source: Chancellor's Office, Management Information Services

***First-Time and Returning Students.*** Table 15 shows the historical headcount of first-time and returning students. The largest drop in these groups in the past ten years occurred in 2003-04, as compared to prior years. 2004-2005 showed a very small increase and rebound.

**Table 15: Total Headcount of First-Time and Returning Students, 2001-02 to 2004-05**

<b>Year</b>	<b>Headcount</b>	<b>Headcount Change</b>	<b>Percentage</b>
01-02	1,459,803	98,823	7.3%
02-03	1,451,169	-8,634	-0.6%
03-04	1,270,619	-180,550	-12.4%
04-05	1,289,509	18,890	1.5%

Source: Chancellor's Office, Management Information Services

It is important at this point to focus more narrowly on the demographics of the student population of just first-time and returning students, as compared with first-time and returning cohorts of the most prior unaffected year. With this, we are addressing the student populations that are *trying to gain access to the system* and how those who gained access during periods of supply constriction and fee increases might somehow be different than prior cohorts who did not feel these effects. The following tables show where these affected cohorts (2003-04, 2004-2005) are similar and dissimilar to the most previous unaffected cohort (2002-03).

*First-Time and Returning Student Populations: Distribution by Gender.* Table 16 shows very little difference in the distribution of student gender in the CCC first-time and returning student population.

**Table 16: Distribution of First-Time and Returning Students by Gender, 2002-03, 2003-04, 2004-05**

<b>Gender</b>	<b>02-03</b>	<b>03-04</b>	<b>04-05</b>
Female	53.2%	53.2%	53.1%
Male	45.5%	45.4%	45.6%
Unknown/Decline to State	1.3%	1.4%	1.3%

Source: Chancellor's Office, Management Information Services

*First-Time and Returning Student Populations: Distribution by Ethnicity.* Table 17 shows some changes in the ethnicity of first-time and returning student populations in 2003-04 and 2004-05 as compared to 2002-03. Mirroring the trend in the entire student population (Table 17), there is a decline of white students offset by small increases in underrepresented students.

**Table 17: Distribution of First-Time and Returning Students by Ethnicity, 2002-03, 2003-04 and 2004-05**

<b>Ethnicity</b>	<b>02-03</b>	<b>03-04</b>	<b>04-05</b>
Asian/Filipino/Pacific Islander	15.7%	16.0%	15.7%
Black/African American	8.0%	8.2%	8.3%
Hispanic	26.1%	26.8%	27.2%
Native American	0.9%	0.9%	0.9%
Other Non-White	1.9%	2.0%	1.9%
White	39.3%	37.6%	37.0%
Unknown/Decline to State	8.1%	8.5%	8.9%

Source: Chancellor's Office, Management Information Services

Note: Columns may not total to 100% due to rounding.

*First-Time and Returning Student Populations: Distribution by Age.* Table 18 shows a significant decrease in the proportion of older (age 25 or greater) first-time and returning students.

**Table 18: Distribution of First-Time and Returning Students by Age, (minimum age 18), 2002-03, 2003-04, and 2004-05**

<b>Age Group</b>	<b>02-03</b>	<b>03-04</b>	<b>04-05</b>
18-24	43.0%	45.6%	46.5%
>=25	57.0%	54.4%	53.5%

Source: Chancellor's Office, Management Information Services

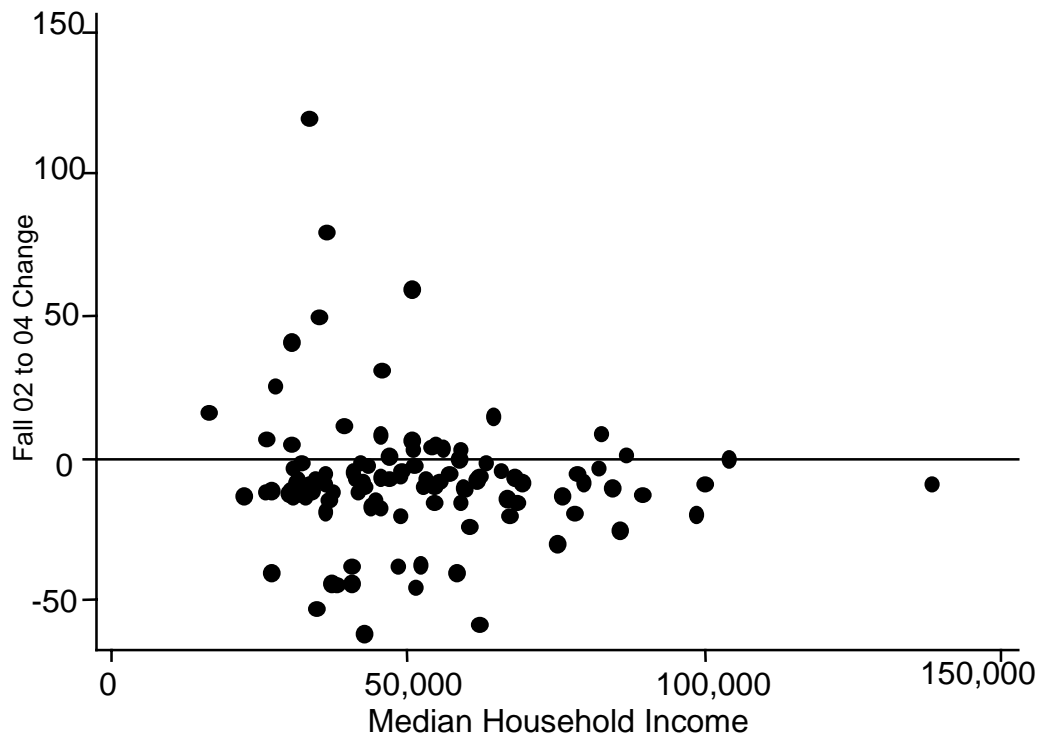
## Assessing Impact by Student Income Levels

***Correlations of Impacts by Income Levels Using Student Zip Codes.*** In an attempt to determine if there were impacts upon geographical areas of lower household income versus those of higher income, a random sample of 220 student zip codes was taken from CCC system data and correlated with census data on median household income by zip code. Essentially, we looked at the number of CCC enrollees in a particular zip code both before and after the fee increases to see if lower income zip codes lost a disproportionately larger percentage of students than those zip codes where household income was higher.

The charts below represent changes in the number of student participants in zip codes of differing median household income levels. The left (“Y”) axis represents the actual gain/loss in student headcount for the time period involved, and the right (“X”) axis represents the median household income of the zip code involved as provided by census data.

***Correlation of Impacts of Fee Increase and/or Supply Constriction on Income by Zip Code, Fall 2002 – Fall 2004.*** As a way of testing for a multi-year relationship between income and enrollment change, we compare in Chart 1 below the change in enrollments for the period of Fall 2002 to Fall 2004. This time frame presumably offers a fairly robust test of the increase to \$18 and a preliminary test of the change to \$26 because the enrollment volumes for fall terms are much larger than the volumes for spring terms. Furthermore, this two-year span should capture a hypothetical lag in the implementation of a fee increase and the behavior responses (hypothetically a reduction in enrollment). The displayed pattern of points indicates very little, if any, correlation between income and enrollment changes for this two-year period. The correlation coefficient is again rather low ( $r=0.11$ ), and this coefficient is negligible in the sense that the sampling process may have caused this small correlation. (The correlation is not statistically significant.) In essence, the examination between these two periods of time (Fall 2002 at \$11/unit and Fall 2004 at \$26/unit) does not show that a disproportionate number of lower income zip codes had a pattern of nonparticipation after the fee increases went into effect.

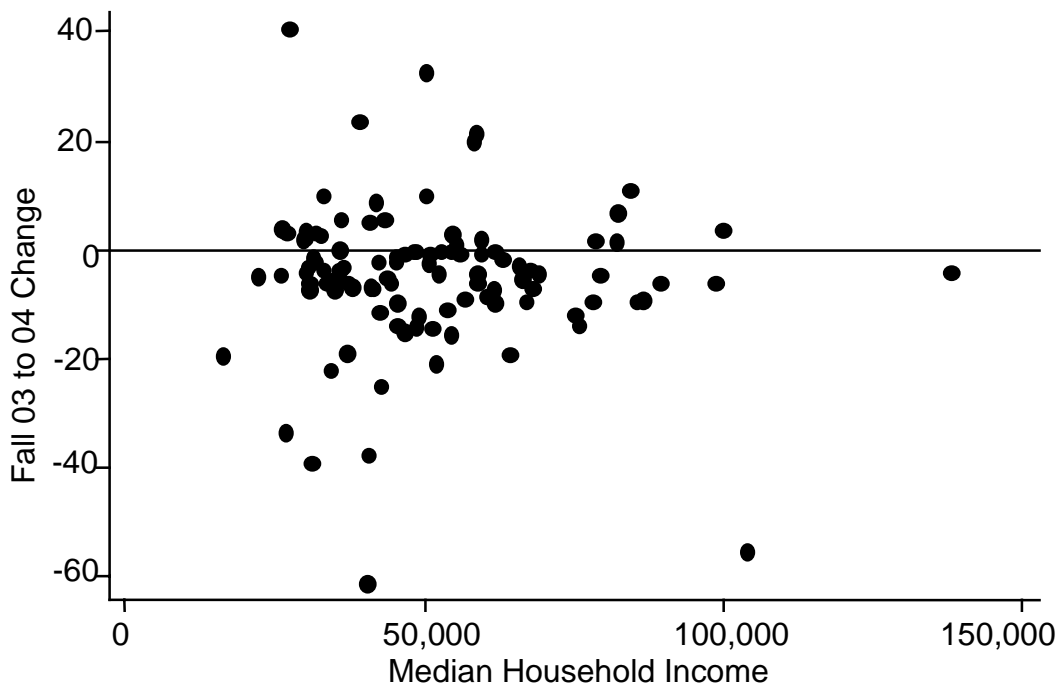
**Chart 1: Correlation of Gain/Loss in Student Headcount per Zip Code by Median Household Income of Zip Code, Fall 2002 – Fall 2004**



*Correlation: +0.11 (basically no correlation).*

***Correlation of Impacts of Fee Increase and/or Supply Constriction on Income by Zip Code, Fall 2003 – Fall 2004.*** In this analysis, Fall 2003 once again represents the term where the first fee increase was imposed and the supply constriction was already in place. To follow up on any delayed effect of the first large fee increase (going from \$11 per unit to \$18 per unit in the Fall 2003 term), we test for any correlation between the enrollment variation during the Fall 2003 to Fall 2004 period in our sample of zip codes and the median household incomes of these areas. As Chart 2 below shows, no correlation exists between income and enrollment variation. The correlation coefficient for the data displayed is  $-0.05$ , which again is practically no correlation at all if we account for the effect of sampling. As before, our computations show that this small correlation is not statistically significant.

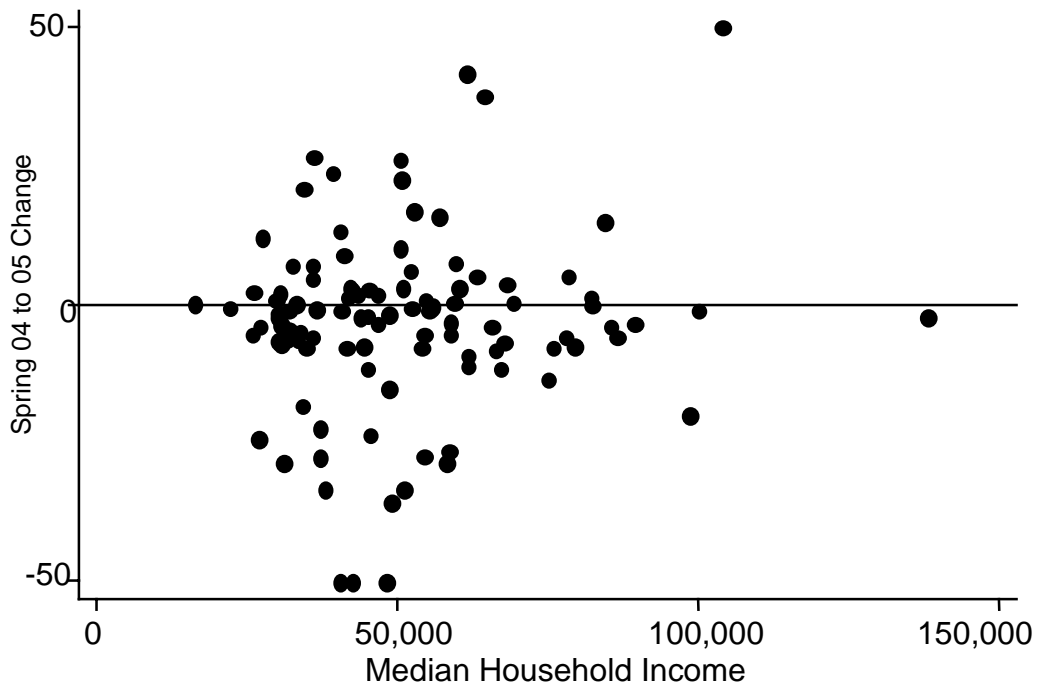
**Chart 2: Correlation of Gain/Loss in Student Headcount per Zip Code by Median Household Income of Zip Code, Fall 2003 – Fall 2004**



*Correlation:  $-0.05$  (basically no correlation).*

***Correlation of Impacts of Fee Increase and/or Supply Constriction on Income by Zip Code, Spring 2004 – Spring 2005.*** Chart 3 shows a pattern of points that indicates very little, if any, correlation between income and enrollment changes for this time period as well. The Spring-to-Spring analysis here allows for one full primary term to pass after the imposition of the \$26 fee. The correlation coefficient once again is very low ( $r=0.12$ ) and is negligible in the sense that the sampling process may have caused this small correlation (that is, it was not statistically significant).

**Chart 3: Correlation of Gain/Loss in Student Headcount per Zip Code by Median Household Income of Zip Code, Spring 2004 – Spring 2005**



*Correlation: +0.12 (almost no correlation).*

## Student Retention and Success

In examining the impact of fee increases and budget volatility on measures of student success, two metrics are frequently used:

- Course Retention Rate: The rate at which students are retained until term end with a recorded grade of A, B, C, D, F, CR (credit), NC (non-credit), or I (incomplete)
- Course Success Rate: The rate at which students are retained until term end with a recorded grade of A, B, C, or CR (credit)

Below is a summary of these measures from Fall 2001-Fall 2004:

**Table 19: Student Retention and Success Rates, Fall 2001-Fall 2004**

<b>Term</b>	<b>Retention Rate (%)</b>	<b>Success Rate (%)</b>
Fall 2001	82.28	66.64
Fall 2002	82.58	67.41
Fall 2003	82.91	67.22
Fall 2004	83.20	66.78

Source: Chancellor's Office, Management Information Services

It is noted that as a result of fee increases/supply constriction, retention rates in courses have gone up almost a full percentage point since Fall 2001; this is actually a significant shift for a system that generates over 4,000,000 individual enrollment records per primary term. Success rates, however, went up during the Fall terms of greatest supply constriction impact (Fall 2002 and Fall 2003), then declined in Fall 2004 back to prior levels. Essentially, more students are being retained until end of term, but we do not see an associated increase in success rates. Table 20 offers one possible explanation of this:

**Table 20: Student Retention and Success Rates, Fall 2004 by Age Group**

<b>Age Group</b>	<b>Retention Rate (%)</b>	<b>Success Rate (%)</b>
18 & 19	83.93	63.73
20 to 24	81.27	63.96
25 to 29	82.32	68.17
30 to 34	83.79	71.41
35 to 39	84.73	73.38
40 to 49	85.48	74.70
50 +	85.00	74.68

Source: Chancellor's Office, Management Information Services

Table 20 shows a small variation in retention rate by age group, but a large variation in success rates, as students get older. Students age 18-24 have success rates a full 10+ percentage points lower than older students. As shown in previous tables, since the student population in the system is increasingly younger, it follows that the retention and success properties of this group becomes more prominent. Essentially, the loss of older students in the system also took away that portion of the student body that exhibited the highest rates of course success.

## Conclusions

In examining the first Fee Impact Report of April 2005 (Impacts of Student Fee Increase and Budget Changes on Enrollment and Financial Aid in the California Community Colleges), it was difficult to isolate the effects of the \$11 to \$18 per unit fee increase against the effects of budget cuts that occurred at the same time. One could have concluded that it would have been impossible to overcome the loss of course sections and capacity, and that regardless of fee level, reducing the supply of sections had to result in a loss of headcount and FTES. Without a doubt, there was some effect of the actual fee increase within this phenomenon, and that effect should not be discounted. Without a survey of students who actually left the system (something the System Office was not funded to or able to do for this analysis), it was not possible to pinpoint which students left for what purposes. Additionally, it is almost impossible to identify and query prospective students who otherwise might have entered as first-time students who chose not to enroll due to perceived lack of course offerings or perceived inability to afford a community college education. We can conclude from the first report, however, that efforts made to increase awareness of financial aid opportunities were successful in mitigating against the loss of student participation in lower-income geographical areas.

The most recent fee increase that is addressed in this report was accompanied by a budget increase. The increase in funds afforded to the colleges resulted in the desired college behavior (more course sections were offered), but did not result in the desired student behavior (the system still declined in headcount, FTES, and still had a smaller than normal first-time and returning class.) Given these increased monetary inputs, it is logical to conclude that the fee increase from \$18 to \$26 acted as an economic deterrent to students both prospective to and already in the system for the time period covered in the report.

On an annual unduplicated basis, the California Community College system has dropped 314,000 students and 73,000 FTES since its peak in 2002-2003. Approximately 107,000 students and 18,000 FTES were in curricular areas identified as needing to be eliminated (special admit students in physical education), leaving a net decline of ~207,000 students and 55,000 FTES shed as a result of the two fee increases and the budget cuts.

The loss of older (25+) students has been significant. Older students 25 and over represent half of the student population in the CCC system, tend to have a higher percentage of females (as compared to the under-25 student female population) and tend to have different purposes for accessing the CCC system. Almost one-quarter of all students in this age group stated their educational goal was to either “prepare for a new career”, “update job skills” or “maintain certificate or license”; in comparison, only 7.7% of students under 25 had these goals. So the disproportionate loss of this group will have an effect on the ability of California’s existing labor force to both retrain for and advance in the future labor market.

The loss of first-time and returning students is even more troublesome; as the continuing students who were present before and after the fee increases/budget cuts make their way through the system towards a terminus outcome, they will leave vacant seats that would normally be filled with a population of new students. However, accumulated for two years running, this population of new and returning students is down some 340,000 people from normal levels, and the passage of these smaller cohorts through the system

will serve to inhibit future growth. Only until large first-time and returning student populations begin to return to prior levels will growth begin again. Worth considering as a possible policy strategy to combat this might be to ramp up outreach and marketing efforts on a statewide basis to get students back into the system. Further research and outreach targeting older students and their specific needs and demands should be considered, along with targeting high-growth geographical areas and populations of the State.