Tuition and Fees Policies in the Nation’s Public Community Colleges

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The Western Interstate Commission for Higher Education (WICHE) is a public, interstate agency established to promote and facilitate resource sharing, collaboration, and cooperative planning among the Western states and their colleges and universities. Member states are:

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This publication was prepared by the Policy Analysis and Research Unit, which is involved in the research, analysis, and reporting of information on public policy issues of concern in the WICHE states.

This report is available free of charge online at http://wiche.edu/Policy/Changing_Direction/Pubs.htm.

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Demarée K. Michelau
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The role of community colleges in providing access and choice for families from all income levels and backgrounds has continued to grow dramatically in the past several decades. Not only are community colleges entry points for some who wish to transfer to a four-year college or university, they increase access and choice for those who might not otherwise participate in higher education. Individuals who want to enhance their job skills, who are looking to change careers, who seek technical or vocational training, or who need additional education in their field also turn to community colleges because they generally are less expensive than four-year institutions, flexible, and provide the specialized services they need.

At the same time as more people are turning to postsecondary education, funding to higher education is being constrained in nearly every state. While higher education funding is declining or stagnant, enrollment is increasing. Community colleges now must address the additional challenge of how to provide a high-quality education and services to current and prospective students while maintaining the long-held tradition of open access.

As with other sectors in higher education, tuition, financial aid, and appropriations policies often are created independently from one another. A deliberate integration of these policies and the decisions surrounding them, would be a significant step toward ensuring access and choice for all students. To better understand the context in which these phenomena are happening, Tuition and Fees Policies in the Nation’s Public Community Colleges briefly examines the circumstances in which community colleges function; broadly reviews the community college tuition and fees policies in the states; and analyzes how those policies relate to the environment in which they are created. Finally, the report discusses several issues for policymakers to watch over the next several years, as well as policy implications.

This study is part of Changing Direction: Integrating Higher Education Financial Aid and Financing Policies, a national initiative designed to help states and key constituents examine how to structure financial aid and financing policies and practices to maximize participation, access, and success for all students and to promote more informed decision-making on issues surrounding financial aid and financing in higher education. Changing Direction serves policymakers in the legislative and executive branches of state government and their staffs, higher education researchers, state executive agencies, governing and coordinating boards, educators, college and university leaders, and business and corporate leaders.
This report is one of a series of documents produced to foster greater understanding of key issues related to establishing stronger alignment of financial aid and financing policies. Four complementary reports are:

- **Policies in Sync: Appropriations, Tuition, and Financial Aid for Higher Education** — A set of four commissioned papers that look into a system comprised of integrated financial aid and financing policies.

- **Linking Tuition and Financial Aid Policy: The State Legislative Perspective** — A summary of survey responses from legislative leaders in the U.S. on the degree of alignment between tuition and financial aid policymaking, their role in the policymaking process, and their degree of satisfaction with the process.

- **Informing Public Policy: Financial Aid and Student Persistence** — A study of trends in the awarding of institutional and state-funded financial aid to undergraduates in public institutions, including an analysis of the relationship between institutionally-awarded and state-funded financial aid and persistence with policy implications.

- **Integrating Financial Aid and Financing Policies: Case Studies from Five States** — A collection of case study reports from Arizona, Connecticut, Florida, Missouri, and Oregon as they have tried to align state higher education policies related to financial aid and financing.

The Changing Direction project has been successful in large part because of WICHE’s collaboration with the American Council on Education (ACE) and the State Higher Education Executive Officers (SHEEO). ACE’s Center for Policy Analysis and SHEEO have long-standing reputations for high-quality work on a wide range of issues, with a history of specializing in financial aid and financing issues. WICHE and its partners also collaborate closely with the National Conference of State Legislatures (NCSL), a national, bipartisan organization that brings even more visibility to the project and provides additional expertise concerning the state legislative role in creating integrated higher education policy. The cooperation among the organizations has been especially valuable to this project.

WICHE is most grateful to Lumina Foundation for Education, a private, independent foundation that strives to help people reach their potential by expanding access and success in education beyond high school, for its generous support of this project. Without the Foundation’s assistance and encouragement, this project would not be possible.

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Executive Summary

No other segment in the postsecondary system serves as many students as the nation’s community colleges. They serve as a gateway to higher education for many students who choose to attend these institutions initially and subsequently transfer to the four-year colleges and universities. In addition, with a strong tradition of open access, they provide a way for students who otherwise might not attend college to participate in postsecondary education. Individuals who want to enhance their job skills, who are looking to change careers, who seek technical or vocational training, or who need additional education in their field also turn to community colleges because they generally are less expensive than four-year institutions, flexible, and provide the specialized services they need. These institutions are especially important because they increase access to postsecondary education by serving high numbers of low-income, minority, and first-generation students and provide them with additional choices in postsecondary education.

At the same time as more people are turning to postsecondary education in general, state funding to higher education is being constrained in nearly every state. While funding is declining or stagnant, enrollment is increasing, and community colleges, like the four-year institutions, must find ways to provide a high-quality education to more students, but with limited public funding.

Throughout the postsecondary system, policymaking and decision-making about tuition, financial aid, and appropriations often are not integrated or aligned. To the detriment of students, these policies are created independently from one another by different entities.

This report briefly examines the circumstances in which community colleges function; broadly reviews the various types of state-level community college tuition and fees policies, and analyzes how those policies relate to the environment in which they are created, including their relationship to state financial aid policies. Finally, the report discusses several issues for policymakers to watch over the next several years as well as policy implications.

States vary significantly in terms of the depth and breadth of community college tuition and fees policies, and as a result, this examination focuses on six key areas:

State Philosophies and Tuition and Fees Policies: Most states have adopted a philosophy of low tuition with the intention of making postsecondary education in general as affordable as possible. Some states have adopted a higher tuition philosophy combined with significant financial assistance programs, and there is wide variation in between. Several states have taken this one step further and formalized a philosophy specifically related to community colleges.
Authority to Set Tuition and Fees: The power to set tuition and fees varies by state. It can rest with the legislature, state coordinating agency, individual system boards, the individual institutions, or a combination of any of those. State-level policies nearly always define who sets tuition and fees for the community colleges.

Tuition and Fee Waivers and Scholarships: Most of these types of state-level tuition and fees policies take the form of very specific tuition waivers to qualified individuals, often state employees or military personnel.

Residency Requirements: Residency requirements are tied to state-level community college tuition and fees policies in that out-of-district or out-of-state tuition is higher than in-district making attending community college more affordable for residents. The specificity of the state-level policies dictating the residency requirements varies considerably.

Reciprocity Agreements: Consistent with the philosophy of keeping community colleges affordable, some states have opted to create reciprocity agreements, or arrangements between community college districts to waive the out-of-district tuition for students residing in specific areas. They vary according to the needs and environment in which the community colleges exist.

Fee-Specific Policies: Fee-specific policies are established by some states, often with the intent of achieving very exact goals. These policies appear to vary more than any of the other types of policies.

This broad examination of the community college tuition and fees policies in the states reveals several issues for policymakers to watch over the next several years.

- What kinds of tuition and fees policies might affect access and choice, especially for low-income, minority, and first generation students?
- How can tuition, fees, and financial aid policies enhance retention and completion for low-income students who must also work to finance their higher education?
- What effect will the strong tradition of local control over community college tuition and fee setting have on access and choice?
- How are states aligning financial aid and tuition decisions in order to protect access and choice for students who want to attend community colleges?

In light of weakened state economies, increasing demand, and rising tuition and fees across all of higher education, state policymakers will need to engage in some difficult conversations and begin thinking creatively about how to manage the dilemmas while maintaining their priorities of making community college accessible and affordable to all students. To be most productive, these conversations might include a discussion not only about tuition and fees policies and their effects, but also the importance and influence of financial aid and appropriations decisions and how best to integrate them.
Introduction

No other segment in the postsecondary system serves as many students as the nation’s community colleges. They serve as a gateway to higher education for many students who choose to attend these institutions initially and subsequently transfer to the four-year colleges and universities. In addition, with a strong tradition of open access, they provide a way for students who otherwise might not attend college to participate in postsecondary education. Individuals who want to enhance their job skills, who are looking to change careers, who seek technical or vocational training, or who need additional education in their field also turn to community colleges because they generally are less expensive than four-year institutions, flexible, and provide the specialized services they need. These institutions are especially important because they increase access to postsecondary education by serving high numbers of low-income, minority, and first generation students and provide them with additional choices in higher education.

At the same time as more people are turning to postsecondary education in general, state funding to higher education is being constrained in nearly every state. Unlike four-year institutions, community colleges do not have as many alternative means, such as research grants, large foundations, and other revenue-generating programs, to offset these declines in state and local revenue. While higher education funding is stagnant or declining, enrollment is increasing. Community colleges now must address the additional challenge of how to provide a high-quality education and services to current and prospective students. This double-edged sword of limited public funding yet more students to serve has led to an increase in tuition and fees in the nation’s public community colleges, which disproportionately and adversely affects low-income, minority, and first generation students.

As with the other segments of postsecondary education, the community college system falls prey to policymaking and decision-making about tuition, financial aid, and appropriations that is not integrated nor aligned. Too often, these policies are created independently from one another by different entities to the detriment of access and choice for all students.

To better understand the context in which these phenomena are happening, this report briefly examines the circumstances in which community colleges function; broadly reviews the various types of state-level community college tuition and fees policies; and analyzes how those policies relate to the environment in which they are created, including their relationship to state financial aid and appropriations decisions. Finally, the report discusses several issues for policymakers to watch over the next several years, as well as policy implications.
The Community College Context

In 1999-2000, about 42 percent of all undergraduates were enrolled in community colleges. In addition to enrolling a large number of students overall, community colleges serve a highly diverse population; minority students comprise approximately 39 percent of community college enrollments nationally, in comparison to about 32 percent at public four-year institutions. In addition, students often attend these institutions to enhance their job skills or begin their college career. They also help unemployed and underemployed people become economically sufficient. Despite their importance within postsecondary education, they are not immune to the challenges facing all of higher education.

The robust economy that characterized the 1990s translated into additional dollars for all of higher education. State tax collections grew, while states also cut taxes. Times have changed significantly, however. Due to a slowing national economy, declines in the stock market, reductions in the manufacturing and high-tech industries, weaknesses in state tax collections and increased spending pressures—primarily from Medicaid and soaring health care costs—states now are in crisis. In The Fiscal Survey of States, the National Governors Association (NGA) and the National Association of State Budget Officers (NASBO) report that 41 states collected less revenue in FY 2002 than predicted, and Medicaid spending grew 13.2 percent in FY 2002, the fastest rate of growth since 1992.

According to a report by the National Conference of State Legislatures (NCSL), 39 states and the District of Columbia faced budget gaps in FY 2003, and nearly three-fourths of states report that expenditures are exceeding budget levels.

Both surveys suggest that this crisis is likely to continue. NGA and NASBO point out that many of the strategies that states employed to balance their budgets this past year are one-time-only maneuvers. NCSL found that 36 states will face budget gaps in FY 2004, with 33 facing gaps above 5 percent and eight looking at gaps of over 10 percent. The cumulative gap is expected to reach $68.7 billion for 36 states, with only three states—Arkansas, New Mexico and Wyoming—reporting that they do not expect to face FY 2004 budget gaps. Furthermore, pressure to fund K-12 education and Medicaid all point toward the continuation of declining resources for virtually all other state services.

Higher education is not safe from the effects of the sagging economies. In FY 2003, 13 states cut spending for higher education, though many states had previously indicated that higher education would be exempt from such cuts; and states likely will be unable to avoid reducing appropriations in the future. NCSL reports that in April 2003, as many as 26 states were examining proposals to further reduce funding for higher education.

In recent years, community colleges seemed to fare better than four-year institutions, yet this appears to be changing nationally. In 2002, at least 31 states reported providing bigger percentage increases to two-year institutions. This year, only 12 states gave bigger increases to two-year institutions, 15 states treated both sectors roughly the same, and 14 states gave
larger percentage increases to the four-year institutions. As a result of these budget constraints, many community colleges, like the four-year institutions are raising tuition out of necessity. Figure 1, as introduced by Dennis Jones in Policies in Sync: Appropriations, Tuition, and Financial Aid for Higher Education, illustrates the different entities that fund higher education and the nature of the relationships among them.

**Figure 1. Flow of Funds in Higher Education**

Most public two- and four-year institutions receive most of the unrestricted operating revenues from the state and students, but community colleges’ reliance on state and local funds is more significant and is increasing. They receive approximately 42 percent of their revenue from state funds and 18 percent from local funds. An added dilemma for community colleges is that they lack many of the revenue streams indicated below—such as research and other grants, large foundations, donors and other fundraising avenues—that are available to many public four-year colleges and universities to offset declines in revenue. Some community colleges have begun fundraising efforts, particularly for scholarships, and endowments are growing, yet they still are small in comparison with those at four-year institutions.

Finally, as state appropriations to higher education are declining or stagnating, local governments rarely increase the financial support to community colleges, and significantly increasing tuition runs counter to the low-cost ethic of most community colleges. This environment creates an added challenge for two-year institutions, nearly all of which
have a strong tradition of open access and acceptance of all students, regardless of previous educational attainment. Significantly reduced revenues, enrollment caps at four-year institutions that cause more people to attend community colleges, and changing demographics resulting in more high school graduates will test the community colleges in two ways. Many may be forced to consider enrollment limits at a time when more people are turning to these institutions to enhance their job skills; they also may not have the resources to offer services and programs, such as remedial education, that they have provided in the past.

The way in which community colleges are governed also is important to the discussion of tuition and fees policies. In most states, community colleges are considered part of the higher education system. However, in a few states, such as Alabama and Oregon, they remain under the jurisdiction of the K-12 system. This affects many aspects of policymaking, including setting tuition and fees. When part of the K-12 system, coordinating these policies is challenging, yet even more critical to ensuring access and choice for all students.

Community College Tuition and Fees

To comprehend more fully community college tuition and fees policies in the states, understanding exactly what is meant by "tuition and fees" and knowing the actual cost of attendance in different states is useful. In general, tuition is defined as the base institutional charge for enrollment. States define and use fees differently, however. For example, some states use fees to make up for tuition limitations, whereas in other states, fees are charged to students for specific purposes, such as student government or activities. In California, uniquely, what other states would call tuition is called fees because of a state constitutional prohibition against tuition.

In 2002-2003, tuition and fees at two-year public institutions nationwide averaged $1,957, up from $1,808 in 2001-2002, an 8.3 percent increase ($149). The average tuition and fees in the Western states—Arizona, Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming—were $1,584 in 2002-2003 and the lowest nationally. It is important to note that tuition and fees in the West are significantly lower than elsewhere in nation and that California drives these numbers quite low. However, even if California is omitted from the calculations, on average, community colleges in Western states have the lowest tuition and fees among the four regions.

Table 1 shows most recent tuition and fees by state with percent changes. These numbers show tremendous variability throughout the nation. Massachusetts and South Carolina experienced the largest percent increase, and tuition and fees in California and Maine decreased the least. The average percent
increase nationally is 8.3 percent, and the average increase in the Western states is approximately 5.7 percent.

Many of these tuition and fees increases are rather recent developments, and history has shown that the effects of these increases on demand are modest. However, although enrollment is projected to continue increasing dramatically—in large part due to declining or stagnating state economies, enrollment caps at four-year institutions, and changing demographics leading to more high school graduates—low-income students, who are more likely to attend community colleges than other institutions, are more likely to be adversely affected by increases in tuition costs. A significant result of higher tuition costs is that low-income students must work more hours. Research suggests that although limited employment may increase a student’s chances of completing a degree, working too much may be detrimental to a student’s academic pursuits. Approximately 81 percent of public community college students work a median number of 30 hours per week, and increased financial pressures, such as rising tuition and fees may cause a student to work even more or opt out of college altogether. An added dilemma for students is that if they work more, they often will dip below half-time enrollment, making them ineligible for many of the financial aid programs.
Financial Aid to Community College Students

Any discussion of community college tuition and fees policies in the states, especially during times of rising costs, also should include some examination of financial aid to students. As with other segments of postsecondary education, tuition and fees policies pertaining to community colleges are not adequately aligned with financial aid policies. These policies often are created separately and distinctly, to the detriment of students, particularly those who are low-income, minority, or the first generation entering college. In addition, most states do not have an overall financial aid policy. They have many state-level programs, but they often are not grounded in a strong policy or philosophy. Furthermore, not only are these policies rarely integrated with one another, they also typically are not integrated with direct institutional support. One ramification of this lack of alignment is that although community college students tend to be of lower income than their four-year counterparts, they do not receive their proportionate share of financial aid.

Although tuition at community colleges is substantially less than at public four-year institutions ($1,957 on average compared to $4,081 in 2002-2003), the other related educational costs of attending college, which include living expenses, books, transportation, etc, are roughly the same for students, regardless of what type of institution they attend. So, although many students select community colleges because of their lower tuition price, they face actual costs of attendance that are substantially greater than tuition, which makes financial aid extremely important. One in three community college students receive some form of financial aid. The largest source of such aid is the federal government, which provides nearly 15 percent of community college students with Pell grants and 6 percent with federally subsidized loans. From 1993 to 2001, increases in the federal Pell grant helped offset increases in tuition and living expenses, however, stagnant federal funding for these programs in recent years has meant that the additional costs must be absorbed either by the student or other sources of aid.

Until very recently, states had also been increasing both state need- and merit-based aid programs, though community college students receive only a modest share of these resources, with only 6.1 percent receiving state aid. States pursue a variety of different strategies for providing financial assistance to students. State financial aid is a mixture between need- and merit-based grant programs; complementing these are Section 529 savings plans. Few states have substantial need-based financial aid programs, often considered the key to access and choice for low-income students. The majority of states, however, offer merit-based aid programs, and all states offer Section 529 plans—either a prepaid tuition plan or a college savings plan or both. Aid programs and 529 plans may be utilized by community college students and their families to help ease the burden of paying for college. Recently, some states—Kentucky, Texas, and West Virginia—have suspended participation in these plans, due to rising tuition and the uncertainty in financial markets. This creates even more pressure on
community colleges, as students who planned on attending four-year institutions (and find they cannot afford it) choose to attend the generally less expensive two-year institutions.

Institutional financial aid accounts for a large share of financial support for students. However, there is little information available on institutional aid to community college students. A recent companion piece to this report by Donald Heller begins to address this gap. Heller found that during the period between 1995-1996 and 1999-2000, tuition prices at community colleges increased 15 percent. And, during this same time period, institutional financial aid at community colleges kept pace with these tuition increases, yet the total amount of institutional aid for community colleges remains extremely limited. Only about 8 percent of community college students received institutional grants, whereas 19.2 percent of students attending doctoral institutions received them.21

At first glance one might assume that students should receive less financial aid because tuition and fees are lower at community colleges. If the cost of attendance is considered relative to the percentage of one’s income, however, these students often are in the most need of assistance. In the Western states, for example, tuition tends to be lower than in most other regions. Nonetheless, tuition and fees for students at Western two-year institutions are taking an increasing share of median household income—the ratio increased from 3.2 percent in 1992-1993 to 3.9 percent in 2002-2003.22
National Overview of Community College Tuition and Fees Policies

This compilation of community college tuition and fees policies is designed to provide a broad overview of the various types of state-level policies specific to community colleges. States vary significantly in terms of the depth and breadth of their policies, and as a result, this examination focuses on six key areas: state philosophies and tuition and fees policies; authority to set tuition and fees; tuition and fee waivers and scholarships; residency requirements; reciprocity agreements; and fee-specific policies.

State Philosophies and Tuition and Fees Policies

Colorado: “Tuition and fee rates should provide maximum student access consistent with generating adequate revenue to operate quality instructional programs and maintain college services” (State Board for Community Colleges and Occupational Education Policy).

Connecticut: “The Board of Trustees of Community-Technical Colleges supports the establishment of the lowest possible tuition level for community college students and supports increased student financial aid by the state government so that no individuals who wish to attend a community college for the purpose of improving themselves, personally and vocationally, and their contributions to society will be prevented from doing so because of the lack of funds” (Connecticut Board of Trustees of Community-Technical Colleges Policy Manual 2.6).

Utah: “The Legislature recognizes that community colleges and established branch campuses and centers throughout the state have a special mission to provide comprehensive higher education opportunities for financially needy students, at geographically disbursed locations and at favorable tuition rates” (Utah Code Ann. §53B-7-501).

West Virginia: “Access to post-secondary training and education is a priority for West Virginia. A differential pricing policy for community colleges has been used effectively in many states to encourage broad participation, especially by adults and part-time students. The combination of lower costs for community college courses and a lesser share of educational costs being assigned to students and parents should provide an adequate incentive for increasing enrollment in community colleges. Low tuition will not be sufficient. Adequate financial aid, especially for part-time students will be necessary if West Virginia is to meet its access goals” (West Virginia Higher Education Policy Commission, Section 4.1).

Wyoming: “To the end that none of the youth of the state who crave the benefits of higher education may be denied, and that all may be encouraged to avail themselves of the advantages offered by the university or community colleges, tuition shall be as nearly free as possible, and it shall be wholly free to either the university or any community college in the state, as elected by the student, to three (3) students annually from each county as are selected and appointed by the board of county commissioners therein” (Wyo. Stat. §21-17-105).
As some of the examples reflect, philosophies and policies often are blurred. What may be considered a policy in some states often incorporates some of the philosophical underpinnings of the state. State-level philosophies and community college tuition and fees policies vary significantly among the states; however, one premise consistently emerges. Providing access and making the tuition as affordable as possible is a priority for most states, and it is solidified in their philosophy.

Many states also have indicated that a philosophy of low tuition is not enough, but that access to financial assistance must also be an integral component of increasing access to community colleges. It is important to note that although these guiding philosophies may sometimes include a financial aid component, the tuition and fees and financial aid policies created and the practices followed as a result are not generally aligned or integrated.

In terms of fees specifically, several states, such as Colorado, also incorporate a philosophy to guide the types and levels of fees charged to students. These vary as well, ranging from the notion of maintaining low levels of fees to indicating the specific purpose of the fees, such as promoting educational, cultural, recreational, and social activities.

**Authority to Set Tuition and Fees**

Entities set tuition and fees at the community colleges differently depending on the state. The authority can rest with the legislature, state coordinating agency, individual system boards, the individual institutions, or a combination of any of those. State-level policies nearly always define who sets tuition and fees for the community colleges.

In many states, like Colorado, presidents recommend the level of tuition and fees, and the state-level board approves it. This leads to variable tuition and fee levels between institutions within the state. The idea here is that the community colleges are in the best position to determine the level of tuition and fees that would allow them to operate effectively and provide quality services to the students while still keeping education affordable. Other states, such as Alabama, North Carolina, Virginia, and Wyoming, set tuition and fees at the state-level through the governing body. Still other states have slightly more unique methods of establishing tuition and fees. Under Florida’s K-20 governance structure, for example, the legislature sets an amount that the local governing board must abide by within a certain percentage above or below it, and each community college president must recommend to the board of trustees a schedule of tuition and fees to be charged by the community college.
### Policies Granting Authority to Set Tuition and Fees

**Alabama:** “The in-state tuition rate shall be established by the State Board of Education” (Alabama State Board of Education Policy 803.01).

**Colorado:** “All tuition rates and fees must be approved annually by the Board” (State Board for Community Colleges and Occupational Education Policy).

**Connecticut:** “In accordance with section 10a-77 of the Connecticut general statutes, the Board of Trustees shall determine and adopt a schedule of all tuition and fees for each academic year, consistent with applicable policies of the board of governors” (Connecticut Board of Trustees of Community-Technical Colleges Policy Manual 6.5.1).

**Florida:** “Each community college president shall…recommend to the board of trustees a schedule of tuition and fees to be charged by the community college, within law and rules of the State Board of Education” (Fla. Stat. §1001.65(11)).

**Idaho:** “All students of a community college shall pay tuition that shall be fixed annually by the board of trustees not later than the 1st day of August each year” (Idaho Code §33-2110).

**Illinois:** “Any community college district, by resolution of the board, may establish variable tuition rates and fees for students attending its college in an amount not to exceed 1/3 of the per capita cost as defined in Section 6-2, provided that voluntary contributions, as defined in Section 65 of the Higher Education Student Assistance Act, shall not be included in any calculation of community college tuition and fee rates for the purpose of this section” (Ill. Rev. Stat. ch. 110 §805/6-4).

**Iowa:** “The board of directors of each community college shall have the authority to determine tuition rates for instruction” (Iowa Code §260C.14).

**Massachusetts:** “The council shall have the following duties and powers…develop a rational and equitable statewide tuition plan for the state colleges and the community colleges in the commonwealth, which plan shall take into account by type of institution, the per student maintenance costs and total mandated costs per student” (Mass. Gen. Laws Ann. Ch. 15A, Section 9).

**Mississippi:** “The Board of Trustees of State Institutions of Higher Learning and the boards of trustees of the community colleges and junior colleges are authorized to prescribe the amount of tuition and fees to be paid by students attending the several state-supported institutions of higher learning and community colleges and junior colleges of the State of Mississippi” (Miss. Code Ann. §37-103-25).

**Nebraska:** “In addition to any other powers and duties imposed upon the community college system or its areas, campuses, or boards by section 85-917 to 85-966 and 85-1501 to 85-1540 and any other provision of law, each board shall…establish tuition rates for courses of instruction offered by each community college within its community college area. Separate tuition rates shall be established for students who are non residents of the State of Nebraska” (Neb. Rev. Stat. §85-1511).

**North Carolina:** “The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter” (N.C. Gen. Stat. §115D-39).

**Virginia:** “The Board shall have the authority to control and expend funds appropriated by law, and to fix tuition fees and charges. The Board may exercise the powers conferred by Chapter 3 (§23-14 et seq.) of this title as any other educational institution as defined in §23-14” (Va. Code §23-218).

**West Virginia:** “Tuition and fees should be set by the individual governing boards to generate the approximate level of revenues call for under the cost-sharing agreement” (West Virginia Higher Education Policy Commission, Section 6.1).

**Wyoming:** “The Commission shall establish tuition rates for the Community College System” (Wyoming Community College Commission Policy, Section 4 (a)).
Tuition and Fee Waivers and Scholarships

Consistent with the philosophy of many states that community colleges remain as affordable as possible, several states have created policies designed to provide additional financial assistance to qualified individuals in addition to the state-level programs described previously.

Most of these types of state-level tuition and fees policies take the form of very specific tuition waivers to qualified individuals, often state employees or military personnel. Some policies directly provide assistance to students attending community colleges, and others provide assistance to students attending community colleges or other postsecondary institutions. Typically, the policy has explicit requirements, such as the number of hours or years the student may be considered qualified to receive assistance. Although there are some similarities between these policies, they vary greatly among the states in terms of benefits and requirements.

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<tr>
<th>Tuition and Fee Waiver and Scholarship Policies</th>
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<tbody>
<tr>
<td><strong>Alabama</strong>: “Full-time employees of state community, junior, and technical colleges and Athens State College and their dependents are eligible for tuition assistance” (Alabama State Board of Education Policy 612.02).</td>
</tr>
<tr>
<td><strong>Florida</strong>: “As a benefit to the employer and employees of the state, subject to approval by an employee’s agency head or the equivalent, each state university and community college shall waive tuition and fees for state employees to enroll for up to 6 credit hours of courses per term on a space-available basis” (Fla. Stat. §1009.265).</td>
</tr>
<tr>
<td><strong>Illinois</strong>: “Any person who served in the armed forces of the United States, not including members of the Student Army Training Corps, who at the time of entering service was an Illinois resident or was an Illinois resident within 6 months of entering such service, and who returned to Illinois within 6 months after leaving service or, if married to a person in continued military service stationed outside Illinois, within 6 months after his or her spouse has left service or has been stationed within Illinois, and who has been honorably discharged from such service, and who possesses all necessary entrance requirements shall, except as otherwise provided in this Act, upon application and proper proof, be awarded an Illinois Veteran Grant consisting of the equivalent of 4 calendar years of full-time enrollment, including summer terms, to the State-controlled college or university or community college of his choice. Such veterans shall also be entitled, upon proper proof and application, to enroll in any extension course offered by a State-controlled college or university or community college without the payment of tuition or fees” (Ill. Rev. Stat. ch. 110 §947/40).</td>
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<tr>
<td><strong>Minnesota</strong>: “The president of a state university, community college, or technical college may waive the fee assessed to a student applying for admission, if the president determines that the fee would impose an economic hardship on the student or the student’s family” (Minn. Stat. §135A.042).</td>
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**Residency Requirements**

Residency requirements are tied to state-level community college tuition and fees policies in that out-of-district and/or out-of-state tuition is higher than in-district tuition, making attending community college more affordable for local residents. Such policies are rooted in the fact that community college funding in many state in large part is generated by local taxes; if a student or the family’s taxes do not support the local institution, the student should pay a higher cost of attendance. Not all states, however, have the out-of-district component.

Like the four-year institutions, statute or board policy generally determines the qualifications a student must meet to be considered a resident and thereby establishes the level of tuition and fees the student must pay.

The specificity of the state-level policies dictating the residency requirements varies considerably. For example, in addition to the examples above, the Iowa Department of Education policy simply states, “There shall be adopted for all community colleges a uniform policy for the determination of permanent residence for tuition purposes” (Iowa Department of Education Policy Manual, chapter 21, Community Colleges, 281-21.2(260C) 21.2(12)). Other states are much more specific on the state-level. Kansas law states, “Persons enrolling in a community college who, if adults, have not been, or if minors, whose parents have not been residents of the county in which is located the principal campus of the community college for at least six months prior to enrollment for any term or session are nonresidents of the community college district for the purpose of determining liability of counties for payment of out-district tuition” (Kan. Stat. Ann. §71-401).

The length of time that a state requires a student to be a resident in the district varies considerably. In Florida, for example, to be considered a resident, the student must have at least one year of residency, whereas in Oregon, a student must have lived in the district for only ninety consecutive days prior to the beginning of the term. The way in which these policies translate into practice is still another issue of consideration.

These policies are particularly important because they affect the amount of revenue generated for each institution and may affect the type of student that a community college attracts. Out-of-district and out-of-state students typically generate more tuition revenue for the community college, yet because they are not subsidized by the state or community college district, the additional tuition revenue typically generates less net revenue for these students than for in-district students.

One unintended consequence of these policies is that, since tuition and fees for an out-of-state student often are significantly higher than for in-state students, some students utilize community colleges to access four-year colleges and universities in a particular state by attending the community college while obtaining residency. This may attract a higher caliber student but also may lead to the community college only keeping the student for one semester or year and not reaping any of the benefits associated with the student completing an associate’s degree at that particular institution.
Residency Requirement Policies

**Florida:** “A ‘legal resident’ or ‘resident’ is a person who has maintained his or her residence in this state for the preceding year, has purchased a home which is occupied by him or her as his or her residence, or has established a domicile in this state pursuant to s. 222.17” (Fla. Stat. § 1009.21(c)).

**Kansas:** “The board of trustees, in accordance with rules and regulations of the state board, shall determine an amount of out-district tuition to be charged for each out-district student attending the community college” (Kan. Stat. Ann. § 71-301a). Further, the state is more specific and states, “The total out-district tuition charged by a community college shall be: (1) For the 2000 fiscal year, an amount equal to the number of duly enrolled out-district students times $24 for each credit hour of each such student; (2) for the 2001 fiscal year, an amount equal to the number of duly enrolled out-district students times $18 for each credit hour of each such student; (3) for the 2002 fiscal year and the 2003 fiscal year, an amount equal to the number of duly enrolled out-district students times $12 for each credit hour of each such student; and (4) for the 2004 fiscal year, an amount equal to the number of duly enrolled out-district students times $6 for each credit hour of each such student” (Kan. Stat. Ann. § 71-301a(b)).

**Maryland:** “Any student who attends a community college in this State and is not a resident of this State shall pay, in addition to the student tuition and fees payable by a county resident, an out-of-state fee, at least equal to (i) 60% of the county share per full-time equivalent student as determined under §16-305 of this subtitle; and (ii) the marginal cost component of the State share per full-time equivalent student as determined under §16-305(c)(5) of this subtitle” (Md. Code Ann. § 16-310).

**Missouri:** “A junior college district organized under sections 178.770 to 178.890 shall provide instruction, classes, school or schools for pupils resident within the junior college district who have completed an approved high school course. The board of trustees of the district shall determine the per capita cost of the college courses, file the same with the coordinating board for higher education and, upon approval thereof by the coordinating board for higher education, shall require of all nonresidents who are accepted as pupils a tuition fee in the sum that is necessary for maintenance of the college courses. In addition thereto, the board may charge resident pupils the amounts that it deems necessary to maintain the college courses, taking into consideration the other funds that are available under law for the support of the college courses” (Mo. Rev. Stat. § 178.850).

**New York:** “Any community college may, with the approval of the state university trustees, charge non-resident students sufficient tuition and fees to cover an allocable portion of the local sponsor’s share of the operating costs of such community college in addition to regular tuition and fees” (N.Y. Law § 6305).

**Oregon:** “Oregon Resident’ is defined as a person who currently maintains a permanent residence in the state and whose permanent residence has been maintained in Oregon for no less than ninety continuous days immediately preceding the person’s first instructional day of the term (quarter) for which residency is in question” (Oregon Department of Community Colleges and Workforce Development Policy 589-002-0200).
Reciprocity Agreements
Related to residency requirements and consistent with the philosophy of keeping community colleges affordable, some states have opted to create reciprocity agreements, or arrangements between community college districts to waive the out-of-district tuition for students residing in specific areas.

Policies governing reciprocity agreements may be between specific community colleges, community college districts, or even states. They vary according to the needs and environment in which the community colleges exist. For example, adjacent states, like Washington and Oregon and Maryland and West Virginia have entered into such agreements. As with the other types of tuition and fees policies, the level of specificity varies between states. For example, California allows a community college governing board to enter into an interstate attendance agreement but does not provide additional guidance or requirements. Maryland, on the other hand, specifically names Garrett Community College in the reciprocity agreement. Regardless of the strategy used by any particular state, these policies are an attempt to make community college more accessible.

<table>
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<tr>
<th>Policies Dictating Reciprocity Agreements</th>
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<tr>
<td><strong>California</strong>: “If the governing board of a California community college district elects to participate in an interstate attendance agreement, it may waive, as a condition to such participation, all or part of the nonresident tuition required by Section 76140 in accordance with the terms of that interstate attendance agreement. Such a waiver shall apply only to students attending a community college maintained by that district pursuant to the provisions of that interstate attendance agreement” (Cal. Code §66803).</td>
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<tr>
<td><strong>Maryland</strong>: “A resident of the state of West Virginia who attends Garrett Community College under a negotiated reciprocity agreement between the states of Maryland and West Virginia is an in-county resident for tuition purposes” (Md. Code Ann. §16- 310).</td>
</tr>
<tr>
<td><strong>Washington</strong>: “Subject to the limitations of RCW 28B.15.910, the state board for community and technical colleges and the governing boards of the state universities, the regional universities, the community colleges, and The Evergreen State College may waive all or a portion of the nonresident tuition fees differential for residents of Oregon, upon completion of and to the extent permitted by an agreement between the higher education coordinating board and appropriate officials and agencies in Oregon granting similar waivers for residents of the state of Washington” (Wash. Rev. Code §28B.15.730).</td>
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Fee-Specific Policies

Fee-specific policies also are established by some states, often with the intent of achieving very exact goals. These typically provide the authority to the community college or district to establish and collect fees for specific purposes.

These policies appear to vary more than any of the other types of policies discussed. The fee-specific policies range from general to specific. Many states, like Maryland, grant the authority to collect fees and state how the fees are determined. Other states, such as California, Idaho, and Texas, designate the types of fees and specific purposes for which a community college may charge fees. Colorado policy, on the other hand, states how community colleges should not use the fees they collect.

Fees are important to the overall picture of how much attending a community college actually costs. Often fees are raised even if tuition remains relatively stable, and because this can significantly affect the cost of attendance, this issue should not be overlooked.

Fee-Specific Policies

**Alaska:** “The purpose of student activity fees is to contribute to a well-rounded student education for life by supporting student government, promoting educational, cultural, recreational and social activities” (Alaska Board of Regents Policy, Part IX, Chapter XCII).

**California:** “If a student body association has been established at a community college as authorized by Section 76060, the governing body of the association may order that an election be held for the purpose of establishing a student representation fee of one dollar ($1) per semester” (Cal. Code §76060.5).

**Colorado:** “Fees shall not be substituted for tuition and shall not be used to provide general revenue to the college. Tuition and/or fees may be used for instructional facilities construction subject to CCHE fee policies. Any such building must comply with the provisions of series 16 of Board Policy” (State Board for Community colleges and Occupational Education Policy).

**Idaho:** “In each community college district in which there shall now or hereafter exists a student union building or student center, there is hereby imposed upon each student in attendance at the college of such district a student union fee for the use and availability of such student union building or student center, the amount of which shall be fixed from time to time by the board of trustees of such district, such fee shall be in addition to all other fees authorized to be imposed by such board of trustees and shall not be subject to any statutory limit which may exist on total fees imposed by such board of trustees (Idaho Code §33-2137).

**Montana:** “The trustees of a district or community college district shall have the authority to charge tuition for instruction and to charge fees for the use of equipments and materials. The amount of such tuition and fees shall be determined on a per-course basis or on the basis of the cost of the entire adult education program. All proceeds from tuition and fees shall be deposited in the adult education fund” (Mont. Code Ann. §20-7-704).

**Texas:** “An institution of higher education shall set and collect a laboratory charge in an amount sufficient to cover in general the cost of laboratory materials and supplies used by a student. For an institution other than a public junior college, the laboratory charge shall be not less than $2 nor more than $30 for any one semester or summer term for any student in any one laboratory course, but shall not exceed the cost of actual materials and supplies used by the student. For a public junior college, the laboratory charge shall be not more than $24 for any one semester or summer term for any student in any one laboratory course, but shall not exceed the cost of actual materials and supplies used by the student” (Tex. Code Ann. §54.501).
Issues to Watch

This broad examination of the community college tuition and fees policies in the states reveals several questions for policymakers to watch over the next several years.

What kinds of tuition and fees policies might affect access and choice, especially for low-income, minority, and first generation students?

One of the most apparent policy issues to monitor is the risk of higher tuition and fees reducing access and choice for all students. Tuition and fees recently have increased in large part due to declining or stagnating economies, and this economic situation likely will continue for the next several years in most states. As participating in postsecondary education becomes increasingly necessary for anyone wishing to enter and succeed in the middle class, it will be especially important for all students to have the opportunity to attend community colleges and not be denied because of their financial situation.

How can tuition, fees, and financial aid policies enhance retention and completion for low-income students who must also work to finance their higher education?

History shows that the demand for postsecondary education among middle- and high-income students is not affected by modest price increases. Low-income students are impacted, but not substantially. Higher tuition and fees, however, may cause students to work to finance their higher education. Although some employment may increase a student’s chances of finishing his or her degree, working too much may lead to decreased success. Since approximately 81 percent of public community college students already work a median number of 30 hours per week, policymakers may want to consider how increased financial pressures, such as rising tuition and fees may affect retention and completion for all students. An added dilemma for students is that if they work more, they often will dip below half-time enrollment, thereby making them ineligible for much of the financial aid that requires at least half-time enrollment. This makes the alignment of tuition, financial aid, and appropriations decisions even more critical.

What effect will the strong tradition of local control over community college tuition and fee setting have on access and choice?

In most states, there is a long-standing tradition of local control over the community colleges. Community colleges receive approximately 42 percent of their revenue from state funds, 23 percent from tuition and fees, 18 percent from local funds, 5 percent from federal funds, and 10 percent from other sources. So, although most funding is from the state, a significant portion does come from the local tax base. With uncertain revenues from state sources, there is an increased dependency on local support. However, collecting additional taxes on the local level often is challenging, so community colleges are more commonly placed in the position of raising tuition. This is an area of concern as higher tuition and fees often is more of a burden for low-income, minority, and first generation students attending college.
How are states aligning financial aid and tuition decisions in order to protect access and choice for students who want to attend community colleges?

Although many states have overall tuition and fees philosophies or policies, many of which are formalized in constitutions, statutes, or board policies, states often do not have corresponding financial aid policies. Likewise, as in other segments of higher education, policies about tuition and fees and financial aid are not adequately aligned in large part because these issues are dealt with discreetly and independently from one another by policymakers. With state funding to all segments of higher education being cut, enrollments increasing, and tuition and fees rising nationwide, integrating these policy decisions with the goal of maintaining the tradition of access and affordability at the community colleges becomes critical.

Policy Implications

The nation’s public community colleges may well face some challenges unlike any they have encountered previously. In light of weaker state economies, increasing demand, and rising tuition and fees across all segments of higher education, state policymakers will need to engage in some difficult conversations and begin thinking creatively about how to manage the dilemmas while maintaining their priorities of making community college accessible and affordable to all students. To be most productive, these conversations might include a discussion not only about tuition and fees policies and their effects, but also the importance and influence of financial aid and appropriations decisions and how best to integrate them.

The following questions are designed to initiate dialogue among policymakers about how to create tuition and fees policies that promote access and choice for all students and how to integrate those policies with financial aid and appropriations decisions.

- What is the state’s overall strategic goals for providing access to postsecondary education, particularly for low-income, minority, and first generation students?
- How can tuition and fees policies be integrated with decisions about financial aid and appropriations in a way that reflects the state’s philosophy and priorities?
- When facing increased challenges, such as stagnating economies and rising enrollments, what are some creative ways to ensure access and choice for all students?
What types of tuition and fees policies might be created in conjunction with financial aid policies to promote not only access, but choice and retention?

With limited resources, how can states provide sufficient and targeted financial aid to community college students that is consistent with state priorities?

Are the residency requirements consistent for the four-year and two-year institutions so that out-of-state students are not benefiting more than in-state students when attempting to gain residency for tuition purposes at four-year colleges and universities?

Can reciprocity agreements be utilized more effectively to make community colleges more accessible, especially to low-income, minority, and first generation students who may work far from home but close to an out-of-district community college?

How can fee-specific policies be created in a way that ensures there is not a hidden means of increasing the cost of attending a community college, thereby decreasing access and choice?
Conclusion

As institutions that serve a significant proportion of students as well as high numbers of low-income, minority, and first generation students, public community colleges are especially important to understand and examine. This compilation of the state-level policies is only a brief overview of how tuition and fees policies are determined, what types of policies are created, and how they might affect access and choice for all students.

This report introduces these policies, yet additional work specific to the unique circumstances of each state would be needed to provide a deeper understanding of how community college tuition and fee policies can be created in such a way that they are aligned with state financial aid and appropriations decisions, all of which would be designed to increase access and choice for all students.

One area of potential research is a comprehensive survey and examination of the community college governing bodies and how their attributes, powers, and philosophies affect the level of tuition and fees. Faced with the challenge of providing a high-quality education and adequate services to students while paying the costs of instruction, facilities, and other necessary operational expenses, these entities are integral to the overall goal of increasing access and choice. A fuller understanding of the governance structures in the states and how decisions about tuition and fees policies are made at all levels would provide a deeper understanding of how the various policies translate into practice.

Another area of research is a full-scale examination of financial aid in the states compared to the policies laid out in this report. This study would provide a more comprehensive look at how well tuition and fees policies are aligned with financial aid and offer additional observations from which policymakers can learn and attempt to make decisions in a more aligned and systematic way.

One theme that appears throughout this report is that community college tuition and fees policies vary greatly by state. However, tuition and fees are rising nationwide regardless of this variability. In addition, the policies that generate the level of tuition and fees charged to students are not always adequately aligned with financial aid and appropriations policies and decisions. To continue the tradition of open access and affordability for all students, policymakers and community college leaders now are in a position to think about how they make these important decisions in different and creative ways.


The Fiscal Survey of States.

State Budget Update: April 2003, 2.

State Budget Update: April 2003, 2.


Regional Fact Book for Higher Education in the West (Boulder, CO: Western Interstate Commission for Higher Education, November 2002), Table 24.

Rasmussen, 9.


Additional Resources on the Web

American Association of Community Colleges
www.aacc.nche.edu

American Association of State Colleges and Universities
www.aascu.org

American Council on Education
www.acenet.edu

American Association for Higher Education
www.aahe.org

Association of Community College Trustees
www.acct.org

Center for Community College Policy
www.communitycollegepolicy.org

Community College Research Center
www.tc.columbia.edu/~iee/ccrc

Community College Web
www.mcli.dist.maricopa.edu/ cc/ index.html

ERIC Clearinghouse for Community Colleges
www.gseis.ucla.edu/ ERIC/ eric.html

The Institute for Higher Education Policy
www.ihep.org

League for Innovation in the Community College
www.league.org

Lumina Foundation for Education
www.luminafoundation.org

Midwestern Higher Education Compact
www.mhec.org

National Association of State Budget Officers
www.nasbo.org

National Center for Higher Education Management Systems
www.higheredinfo.org

National Center for Public Policy and Higher Education
www.highereducation.org

National Conference of State Legislatures
www.ncsl.org

National Governors Association
www.nga.org

New England Board of Higher Education
www.nebhe.org

The Rural Community College Initiative
www.mdcinc.org/ rcci

Southern Regional Education Board
www.sreb.org

State Higher Education Executive Officers
www.sheeo.org

U.S. Department of Education
www.ed.gov

U.S. Two-Year Colleges
http:// cset.sp.utoledo.edu/ twoyrcol.html
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