

Clackamas Community College Tuition Increase – Predicting Impact on Enrollment

Literature Review: What can we learn from the literature that will serve to inform our decisions related to tuition/fee increases?

The primary predictability model used in this review is found in “*Enrollment Projection Analysis of Oregon Public Community Colleges*”, by Dr. Robert Vergun (2007, unpublished) of Portland Community College. Vergun’s work is an “econometric model applied to state-wide [Oregon] community college enrollment data from 1986-87 to 2005-2006” and was prepared for the Oregon Community College Presidents’ Council. Other literary sources (Abou-Sayf, 2001; Callan, 2003; Heller, 1997; Leslie and Brinkman, 1987; Mbaduga, 2000; Shriehans, 2006; Zumeta and Franklin, 2007) utilized for this purpose support findings of Vergun’s predictability model and have been included in this review.

The literature presents differing perspectives as to the cause and effect relationship between tuition and enrollment. A review of the literature supports the notion that the variable of tuition/fee increases cannot be used solely as a predictor of decreased enrollment. Additional variables that contribute to the likelihood of an enrollment decrease include state resources (increase or decrease), regional economics (consumer price index [CPI] and unemployment rate), financial aid awareness, the relationship of 4-year college costs to community college costs and the number of other comparable institutions and their costs. The literature regarding tuition/fee increases and the impact on enrollment generally indicates that when tuition/fees go up, enrollment is likely to go down. Findings from this literature review indicate the following:

Variable – Tuition Increase

- For each 1% increase to tuition/fees, there is a likelihood of an immediate (same year) 0.86% decrease in Lower Division Collegiate (LDC) and Professional Technical (PT) student enrollment and a 0.471% decrease to overall enrollment. (Vergun, 2007)
- There is a unique “tuition threshold” for each college that determines what the market will bear related to increased tuition/fees at colleges. (Abou-Sayf, 2001)
- Awareness regarding financial aid minimizes the likelihood of an enrollment decrease when there is an increase to tuition/fees. (Heller, 1997)

Variable – Regional Economics

- When there is a 1% increase to the unemployment rate there is a likelihood that there will be an increase to credit program enrollment by 1.1%. (Vergun, 2007)
- Developmental Education programs experience decreased enrollment during a time of economic recession. Additionally, increased enrollment is generally experienced in the LDC areas and not in the PT program areas during a recession. (Vergun, 2007)
- Community college students are more sensitive to tuition increases than four year college students and are more likely to choose to attend a community college based on a “cost benefit” factor during times of economic recession. (Heller, 1997)

CCC Tuition/Enrollment Historical Perspective: What does our enrollment history indicate when considering multiple variables – tuition rate and regional economic factors?

Tuition Rate by Year	Change	Regional CPI	Regional Unemployment Rate ↑ increase from previous year ↓ decrease from previous year	Headcount	Change ↑ increase ↓ decrease	Reimbursable FTE	Change ↑ increase ↓ decrease
2007-2008 \$57	\$1	3.4 <i>projected</i>	5.3 ↑ <i>projected</i>	19,882 YTD su/fa	16.2% ↑	2690.85 YTD su/fa	4.2% YTD ↑
2006-2007 \$56	\$0 0.00%	2.5	4.8 ↓	30,914 <i>*Some increase attributed to change in processing for previously "rostered" enrollment</i>	5,890 ↑ 2.35%	7,200.34	379.78 ↓ 5%
2005-2006 \$56	\$2 3.7%	2.6	5.5 ↓	25,024	1,023 ↓ 3.97%	7,580.12 <i>*Slight increase due to change in ACC enrollment practices</i>	47.80 flat 0.6% 2.7% ↓ <i>*Without new ACC as a result of change in practice</i>
2004-2005 \$54	\$3 5.8%	2.6	6.7 ↓	26,047	757 ↑ 2.99%	7,532.32	449.91 ↓ 5.63%
2003-2004 \$51	\$10 24.39%	1.4	7.5 ↑	25,290	2,582 ↓ 9.26%	7,982.23	166.30 ↑ 2.12%
2002-2003 \$41	\$1 2.5%	0.8	6.9 ↑	27,872	201 ↓ 0.71%	7,815.93	23.37 ↑ 2.99%
2001-2002 \$40	\$3 8.10%	2.5	5.3 ↑	28,073	671 ↑ 2.45%	7,792.56	929.39 ↑ 13.54%
2000-2001 \$37	\$1 2.7%	3.1	4.1 ↑	27,402	1,215 ↓ 4.24%	6,863.17	112.80 ↑ 1.67%
1999-2000 \$36	\$0 0.00%	3.3	3.9 ↑	28,617	1,896 ↑ 7%	6,750.37	189.52 ↓ 2.67%

From: CCWD College Profiles document, Oregon Employment Department, U.S. Bureau of Labor Statistics

- Our tuition increased on average 5.3% each year over the last eight years and our overall averaged enrollment (FTE) increased 6.67%. Our overall enrollment history does not indicate the predicted (Vergun, 2007) decrease as a result of a tuition increase. Additionally, while our enrollment in credit LDC and PT courses during this time fluctuated, this does not appear to be related to tuition increases.

- As our tuition increases have occurred, sometimes moderately and other times more significantly over the last eight years it does not appear that we have exceeded a reasonable “tuition threshold” (Abou-Sayf, 2001).
- In years when the unemployment rate increased, our enrollment increased. And, the reverse appears to also be true. Based on these data, our enrollment patterns do appear to be sensitive to regional unemployment rates. This is in keeping with enrollment predictability as found in the literature review.

Regional Economic Predictors: What might we predict for our enrollment based on regional CPI and unemployment projections for 2008-09?

- Projected CPI for 2007-2008 in the Portland-Salem, OR-WA regions is currently at 3.4%. Longer range projections for 2008-2009 indicate a rise of 2.42% to the consumer price index for this region. Indications are that a recession is likely. (Oregon Employment Department, 2007) Based on our enrollment history and the findings from the literature, we could see an increase to our LDC enrollment and a decrease in enrollment to our developmental ed. and non credit offerings in 2008-2009 if a recession occurs.
- Unemployment rates were last reported at 4.8% for the Clackamas County labor force. Projections for 2007-2008 indicate a 0.5% increase and another increase in 2008-2009 to the unemployment rate in our county. (Oregon Employment Department, 2007) Based on Vergun’s model, we could anticipate as much as a .55% increase in 2007-2008 to our overall enrollment as a result of increased unemployment rates.

Relationship to State: What might our relative position across the state be in 2008-2009?

- Tuition – State-wide assumption is that there will be an overall tuition increase at the rate of inflation (2.5%) each year for community colleges. (Vergun, 2007)
 - CCC Peer institutions (PCC, MHCC, CHCC, and LBCC) indicate the following regarding tuition and general student per credit fee rates in 2008-2009.

	2007-2008 Tuition/Fees	Projected 2008/2009 Tuition/Fees
Portland Community College	\$3,285 (\$74)	Not yet determined
Mt. Hood Community College	\$3,240 (\$72)	Not yet determined
Linn-Benton Community College	\$2,925 (\$66)	\$66 to \$68 0 – 3.3%
Chemeketa Community College	\$2,880 (\$64)	\$66 3.1%
Clackamas Community College	\$2,700 (\$62)	\$63 1.6% \$64 3.2% \$65 4.8% \$66 6.4% \$67 8.0%

Source: CCWD Tuition Tables document and peer institution projections for 2008-2009

- Enrollment – State-wide predicted overall FTE growth of 2.7% - 3.1% in 2007-08 and 3.0% - 3.4% in 2008-09 with headcount increases of 4.3% - 4.7% in 2007-08 and 3.5% - 3.9% in 2008-09. (Vergun, 2007)
 - “Higher education enrollments are projected to grow each year in this decade, culminating in the largest high school graduating class in the nation’s history in 2009. This is the first time in the modern era that a state economic downturn coincides with a time of projected enrollment increases” (Callan, pg. 2A, 2003)

- Our ACT Student Opinion Survey (2006) results indicate that CCC students make their college attendance choices based on three priorities – 1) location, 2) courses offered when needed, and 3) cost.

Financial Aid: How might financial aid act as a mitigating variable to increased tuition at CCC in 2008-2009?

- The Shared Responsibility Model is projected to provide more dollars for greater numbers of students.
- Eligible Pell Grant students should realize an additional \$1,000 in 2008-09.
- CCC Financial Aid awarding processing turn around time has improved with additional staffing and workflow efficiencies. Average processing turn around is now 2-4 weeks. This is expected to hold as a standard in 2008-2009.
- CCC efforts to increase financial aid awareness are in progress - College Night, Oregon College Goal, Scholarship Kick off and FAFSA workshops.
- CCC Foundation anticipates adding 35-50 new scholarships in 2008-2009.

A Historical perspective of CCC Financial Aid awarding

	2004-2005	2005-2006	2006-2007	2007-2008 YTD (as of 01/07/08)
Total Aid Awarded	\$8,907,659,71	\$9,617,441.34 (+7.97%)	9,411,339.57 (-2.14%)	8,709,668.00
% of FT students receiving Aid	NA	57%	57%	68% (Su/Fa/Wi)
% of PT students receiving Aid	NA	43%	43%	31% (Su/Fa/Wi)
Total number of students receiving aid	2589	2625	2613	2030 (Su/Fa/Wi)
Average size of award package	\$3,440.54	\$4,040.50	\$3,896.81	\$4,656.46 (Su/Fa/Wi)
Foundation Scholarships	NA	\$330,136	\$179,696	\$407,732 (Su/Fa/Wi)
Outside Scholarships	NA	\$257,493	\$278,955	\$202,934 (Su/Fa/Wi)
Clackamas Tuition Waivers	NA	\$373,793	\$312,372	\$132,286 (Su/Fa/Wi)

Source: CCC Financial Aid Awards Report as of 12/31/2007

- All CCC scholarship dollars are awarded each term – there are no “unclaimed scholarships”.

Conclusions and Recommendations:

Tuition increases solely do not appear to negatively impact our enrollment. However, unemployment rates appear to be related to our enrollment. Based on the findings of this review, we can expect that our overall enrollment (FTE) will increase in the next 1-2 years as a result of increased unemployment rates, the likelihood of a recession and a larger audience of high school graduates looking to community colleges for higher education regardless of a tuition increase. However, the following guiding principles are recommended in light of the findings from this review:

1. Consider the variables of tuition rate and regional economics (as well as other variables) inclusively as decisions are made regarding increased tuition in order to best understand impact on enrollment. “To preserve access, tuition increases should be limited to what is necessary to assure institutional capacity to educate students – classes and sections...” (Callan, pg. 2A, 2003) We may also want to include support services when assessing our “institutional capacity to educate students”.

2. If tuition rates are increased, strive to arrive at a rate that is in a reasonable position relative to peer institutions and 4-year colleges as well as within an acceptable “tuition threshold” in order to maintain the “cost benefit” for our students. (Abou-Sayf, 2001; Heller, 1997)
3. Continue to increase financial aid awareness and access to financial resources in order to mitigate tuition rate increases. “No matter how severe the budget problems, tuition increases should be accompanied by increases in financial assistance for students with need.” (Callan, pg. 2A, 2003)

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