

Clackamas Community College Tuition Increase – Predicting Impact on Enrollment

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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 Robert Vergun (2007, unpublished) of Portland Community College.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)

Unprecedented Times

This model was developed subsequent to the substantial decline in state resources and community colleges budgets in 2003. During that time, the decline in resources restricted the ability of colleges to offer courses. In addition, workforce training programs and extended benefits allowing for training while unemployed were not as available as is currently the case. High tuition usually connects with high aid. During this year, while tuition increased so did aid programs available to students.

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 <i>(with hold harmless applied)</i>	Change ↑ increase ↓ decrease
2009-2010 \$72	\$10 16%	-1.3	11-12 ↑	19,937 <i>year to date</i>	9.3% ↑ <i>year to date</i>	4,385.75 <i>year to date</i>	31.7% ↑ <i>year to date</i>
2008-2009 \$62	\$5 8.7%	3.9	9 - 11↑	37,509	2,642 ↑ 7.57%	7,760.36	343.94 ↑ 4.63%
2007-2008 \$57	\$1 1.7%	.1	8.1 ↑	34,867	3,953 ↑ 12.8%	7,416.42	216.08 ↑ 3%
2006-2007 \$56	\$0 0.00%	2.5	4.8 ↓	30,914 <i>*Some increase attributed to change in processing for</i>	5,890 ↑ 2.35%	7,200.34	379.78 ↓ -5%

				previously "rostered" enrollment			
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: OLMIS Oregon Employment Department, U.S. Bureau of Labor Statistics

- Our tuition has increased 100% over the last ten years and our reimbursable FTE has increased 12.08%. Over time, CCC does not reflect the predicted (Vergun, 2007) decrease in enrollment as a result of a tuition increase.
- As our tuition increases have occurred, sometimes moderately and other times more significantly over the last ten 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?

- Projected CPI for 2007-2008 in the Portland-Salem, OR-WA regions was at 3.4% when this report was first presented. Longer range projections for 2008-2009 indicated a rise of 2.42% to the consumer price index for this region. Indications were that a

recession was likely. (Oregon Employment Department, 2007) As of June 2009, CPI in the Portland-Salem, OR-WA regions reflected -1.3.

- Based on the economic predictors and the findings from the literature, we could expect to 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 occurred. This was in fact the case for 2008-09. And, enrollment indicators for 2009-10 appear to be trending this way as well. State economists are reporting that Oregon is just beginning to come out of a deep recession. Economic forecasts also indicate that Oregon’s recovery will be gradual over the next 5-10 years.
- At the time of this study, unemployment rates were reported at 4.8% for the Clackamas County labor force. Projections for 2007-2008 indicated 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 the projected increased unemployment rates. At the close of 2008, unemployment rates hovered at 8% and quickly reached 9% in the second half of the fiscal calendar. Overall enrollment (reimbursable FTE) at CCC increased by 2.99% in 07-08 and 4.64% in 08-09.
- At the time of the latest update to this study, national unemployment had reached 10% and Oregon was reporting unemployment at 11.3%. Based on the predictability models used in this study, with a slow and gradual economic recovery and not much change to our current unemployment rate we could expect another 7.7% increase to enrollment in credit courses for 2009-10.

Relationship to State: What might our relative position across the state be in 2009-2010?

- CC 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)
- OUS Tuition – Undergraduate resident tuition rates are currently capped by the legislature at a 3.4% increase for 2008-2009. Projections indicate that other tuition and fees would be increased by 3%-4%. (Nancy Heiligman, Oregon State Dept. of Education)
- CCC Peer institutions (PCC, Lane, MHCC, CHCC, and LBCC) indicate the following regarding tuition fee rates in 2009-2010.

	2007-2008 Tuition	2008/2009 Tuition	2009-2010 Tuition
Portland Community College	\$68	\$70	\$74
Lane Community College	\$73	\$75.50	\$78
Mt. Hood Community College	\$66	\$68.60	\$71
Linn-Benton Community College	\$60.79	\$60.79	\$68.60
Chemeketa Community College	\$58	\$61	\$70
Clackamas Community College	\$57	\$62	\$72

Source: CCWD Tuition Tables Fall 2007, Fall 2008, Fall 2009

Financial Aid: Financial aid must act as a mitigating variable to increased tuition at CCC

- Due to higher than expecting enrollment and increased numbers of students requesting financial aid for 2009-10, it has become more and more challenging to meet the award processing turn around time of 2-4 weeks during nonpeak and 4-6 weeks during peak processing periods. At the time of update for this study, financial aid awarding for CCC students was at 6-8 weeks.
- Students at CCC with need grant eligibility were held harmless during an unexpected delay and cut off of Oregon Need Grant dollars due to the timely awarding and response by CCC's FA team during 2008-09. However, the demand for Oregon Need Grant dollars has once again exceeded the State's capacity and as of Dec. 15th, 2009, CCC students that had been told they were eligible for these grant dollars could potentially realize a \$200-\$400 reduction to their financial aid package for Spring term. This has not yet been finalized, and it is unlikely that CCC will be able to close this funding shortfall gap for students.
- CCC's Financial Aid Advising team is continuing to provide twice a week group sessions, walk in access, e-mail, telephone and by appointment assistance with FAFSA and Scholarship application.
- College Night, Oregon College Goal, Scholarship Kick off and FAFSA workshops continue to be well attended. The 2009-10 College Night event had over 300 participants in attendance.

A Historical perspective of CCC Financial Aid awarding

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Total Aid Awarded	\$8,907,659.71	\$9,617,441.34 (+7.97%)	9,411,339.57 (-2.14%)	\$8,709,668 (-14.72%)	\$12,855,990.55 (+57%)
Students receiving Aid that are FT	NA	57%	57%	68%	75%
Students receiving Aid that are PT	NA	43%	43%	32%	25%
Total number of students receiving aid	2589	2625	2613	2449	2778
Average size of award package	\$3,440.54	\$4,040.50	\$3,896.81	\$4,656.46	\$5,800
Foundation Scholarships	NA	\$330,136	\$179,696	\$423,019	\$480,648
Outside Scholarships	NA	\$257,493	\$278,955	\$277,979	\$337,005
Clackamas Tuition Waivers	NA	\$373,793	\$312,372	\$409,251	\$594,278

Source: CCC Financial Aid Awards Report as of 11/30/09

Conclusions and Recommendations:

With more than one year behind us since the origination of this study, additional data has become available that further confirms the predictability models that we have used to draw conclusions from. Tuition increases solely do not appear to negatively impact our enrollment. Regional unemployment rates are related to our enrollment. Based on the findings of this review, we can expect that our reimbursable enrollment (FTE) could continue to moderately increase in the next 1-2 years as a result of unemployment rates, a slowly recovering economic structure and a potentially larger audience of high school graduates looking to community colleges for higher education regardless of a tuition increase. The following guiding principles continue to hold value and are recommended in light of the findings (with updates) 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 must also include support services when assessing our “institutional capacity to educate students”.
2. If tuition rates are increased, we must 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. Financial aid awareness and access to financial resources in order to mitigate tuition rate increases must continue to be a high priority. “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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