



# The California Community Colleges Board of Governors Fee Waiver: A Comparison of State Aid Programs

**JAN 19  
2016**

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## Summary

The California Community Colleges Board of Governors Fee Waiver (BOGFW) was created in 1984 to counter the effect of the state-mandated enrollment fee implemented that year. The primary goal of the program was to maintain access for underrepresented and low-income students. The purpose of this paper is twofold. The first is to provide a brief history of the goals and impact of the BOGFW. The second is to analyze the program in the context of the College Board's guidelines for successful financial aid programs by comparing it to the proposed America's College Promise and aid programs in six other states. The data show that the BOGFW is more accessible to needy students than any of the other programs identified, but its relationship to student success remains unknown. Fortunately, after 2012 changes to BOGFW eligibility have been fully implemented,<sup>1</sup> researchers will have direct evidence of whether such academic progress standards lead to greater student success.

## Introduction

For over 75 years, community colleges in California charged no tuition or fees.<sup>2</sup> However, by the mid-1980s, budget limitations created by Proposition 13 (1978) generated a need for increased revenues to support public higher education. As a direct result, a bill creating the first mandatory enrollment fee for California community college students was passed (Assembly Bill 1XX,<sup>3</sup> 1984). In an attempt to continue meeting the community college system's open access goals, the same law mandating the fee also included a program waiving it for financially needy students. This waiver has come to be known as the Board of Governors Fee Waiver (BOGFW). As fees have increased, the BOGFW has kept pace, making community college education tuition-free for all needy

Californians for 30 years. The waiver was provided to over 5.1 million students between 1984 and 2015 (CCCCO 2015a).

Revisiting the role and impact of the BOGFW now is fitting for a variety of reasons. First, 2015 was the 30th anniversary of the implementation of the waiver, making it an appropriate time to look back at its history. Second, the issue of free tuition for the first two years of postsecondary education is rising to the top of the policy agenda; not only have many state and local programs been implemented, but President Obama included a nationwide proposal in his January, 2015 State of the Union address. Finally, the last decade has seen increasing interest in student success rates. An important purpose of community colleges

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1. Full implementation will occur in Fall, 2016.

2. There were a series of "permissible" fees that individual colleges and districts could charge if they chose (CPEC 1984). For example, some colleges had health centers for students and charged a related health fee. Others charged fees for athletics, parking, etc.

3. According to California Joint Legislative Rules, "On extraordinary occasions, the Governor by proclamation may cause the Legislature to assemble in special session." During such extraordinary sessions, bills are identified with an X after the number. AB 1XX identifies the first bill introduced in the Second Extraordinary Session of that year.

is to ensure access to higher education, especially for low-income and first-generation students and those from underrepresented racial and ethnic groups—groups who tend to have lower rates of success.<sup>4</sup> This focus on completion raises an important question, can student success rates at community colleges be improved while ensuring access to all regardless of background? A discussion about the ability to achieve both (Scherer and Anson, 2015), especially under current funding mechanisms (Shulock and Moore, 2007a) is taking place. In response, the 2012 legislation creating the first eligibility standards for the BOGFW made implementation of those standards dependent upon colleges providing substantial new student support mechanisms relating to orientation, assessment, and counseling.

The purpose of this report is to provide a broad, historical analysis of the fee waiver in the context of current policy discussions. The first part will address the original goals and effects of the BOGFW and how the program has changed with the commencement of the student success and support movement. The second part compares the program to America’s College Promise and aid programs in six other states using the principles for financial aid programs set forth in a 2008 College Board report.

## History of Enrollment Fees and the Fee Waiver

### The First Enrollment Fee

Since the first college was created in 1910, California community colleges (CCC) have had a broad mandate—to provide a post-secondary education to citizens of California regardless of ability to pay. To this end, community colleges began as open-access institutions and charged no tuition (State of California Master Plan, 1960). The era of tuition-free education ended during the 1983/84 legislative session when the governor proposed a mandatory enrollment fee for CCC students. While the legislature fought to maintain the system’s tuition-free status, they ultimately agreed to pass a \$5 per credit fee while clearly stating their intent that “the implementation of a mandatory fee does not impair access to, or the quality of,

California Community College” (CPEC, 1984, 1). To achieve this goal, AB 1XX also provided a \$52.5 million appropriation to offer financial support to low-income students unable to pay (CPEC, 1984). The Board of Governors of the community colleges was responsible for allocating the aid funds and released their first implementation plan in May, 1984.

### Creation of the BOG Fee Waiver

In the financial aid plan, the Board of Governors of the California Community Colleges stated that “the purpose of allocating Board funds is to insure, to the greatest extent possible, that no student who is eligible and who desires to attend a community college, is denied access thereto due to the implementation of the mandatory enrollment fee” (CCCCO, 1984a, 1). The support was originally provided through three mechanisms: the BOG Grant (BOGG), the Enrollment Fee Credit (EFC), and the Fee Waiver (BOGFW). As a collection, they were known as the Board Financial Aid Program (BFAP). The three programs differed according to how students qualified and the level of support offered. These differences are outlined in Table 1.

The stated goals of BFAP were fourfold—access, equity, accountability, and efficiency—with access being primary among the four. The Board’s hope was to maintain the participation of low-income students even in an era of state financial hardship. While 56,821 BOG grants, credits, and waivers were awarded during the first semester of implementation (CCCCO, 1984b), use of the BOG aid was substantially lower than initially predicted. An early report on the program suggested that as many as half of all eligible students were not applying for BFAP aid (CCCCO, 1987).

### The Early Years of the Fee Waiver

As a result of cutbacks in course offerings, community college enrollment was falling even before implementation of the new enrollment fee.<sup>5</sup> By the time the fee was implemented in 1984, the number of course sections had rebounded—increasing by four percent—but enrollment continued to drop. Enrollment fell by seven percent between 1983 and 1984 and this trend, combined with the finding that districts with the largest increase in fees<sup>6</sup> saw the largest decrease in enrollment, led the system office to conclude that

BFAP was not fully compensating for the enrollment fee (CCCCO, 1987, 1).

Even with the aid package, the enrollment fee had substantial, negative impacts on the neediest and most underrepresented students, especially in the first years. African-American students felt the largest

effect. Table 2 shows that their community college participation rate dropped from 8.3 percent to 6.5 percent between 1983 and 1985 (CCCCO, 1987, 10). Low-income students were disproportionately affected as well. Their numbers as a percentage of the student population dropped by 3 points during the same period (Table 3).<sup>7</sup>

**TABLE 1:** Board Financial Aid Program (BFAP), 1984

Program	Eligibility Requirement	Other Requirements*	Credits	Amount of Funding
Grant (BOGG)	Ineligible for Pell but illustrate financial need	Apply for Pell	>= 6	Need (for tuition) after other aid applied
Credit (EFC)	Dependent student Max. income requirement	Verification of Income (could be self-certified)	< 6	Equal to enrollment fee
Waiver (BOGFW)	Benefit from specified government support programs	Verification of Status (could be self-certified)	n/a	Equal to enrollment fee

Data Source: CCCCCO, 1984. \* All recipients were required to be California residents.

**TABLE 2:** Community College Participation Rate\* by Race/Ethnicity

Race/Ethnicity	1983	1984	1985	1986	Change 1983-86	Change 1985-86
Hispanic	4.89	4.36	4.42	4.54	-0.35	0.12
African-American	8.29	6.65	6.47	6.54	-1.75	0.07
Asian-American & other	15.1	14.3	13.7	13.4	-1.7	-0.3
White	6.97	6.57	6.52	6.75	-0.22	0.23

Data Source: Study of Fee Impact: Final Report, California Community Colleges Chancellor's Office (1987), Appendix B. \*Participation rate is number of students of a specified ethnicity divided by the number of state residents of that ethnicity.

- Eighty-nine percent of community college students in 1999/2000 were identified as "non-traditional." These students attend part-time (67%), work full-time (54%) and/or spend more than 11 hours per week taking care of dependents (29%). Such students are much less likely to complete their educational goals (Hamm 2004).
- Passage of Proposition 13 led to funding reductions which resulted in reductions in course offerings and lower enrollment numbers in the early 1980s.
- As noted, some colleges charged a mix of permissible fees prior to enactment of the enrollment fee. Because the enrollment fee served as a substitute for these other charges (CPEC, 1984), the increase in fees for each district is measured as the difference between the enrollment fee and the prior permissible fees for that district.
- The impact on the Asian-American/other group was significant as well, but the participation rate of this group remained far higher than for any other race or ethnic group (almost two times that of African-Americans and Whites and three times that of Hispanics).

**TABLE 3: Percent of Student Population by Income**

Income (self-support)	1984	1985	1986	Change 1984-86	Change 1985-86
\$0-12,000	36.0	32.8	33.1	-2.9	0.3
\$12,001-24,000	28.0	26.6	27.4	-0.6	0.8
\$24,001 +	36.0	40.6	39.5	3.5	-1.1
Income (dependent)	1984	1985	1986	Change 1984-86	Change 1985-86
\$0-12,000	33.8	30.6	31.5	-2.3	0.9
\$12,001-24,000	35.2	34.2	32.2	-3.0	-2.0
\$24,001 +	32.0	35.2	36.3	4.3	1.1

Data Source: Study of Fee Impact: Final Report, California Community Colleges Chancellor's Office (1987), Appendix B.

In 1986 it was determined that the relative failure of BFAP to reach all needy students was the result of confusion over the separate grant, waiver, and credit programs (CCCCO Status Report, n.d.). Because access was the Board's primary goal, the process was simplified and the three programs were rolled into a single BOG Grant Program (BOGG, referred to as the BOG Fee Waiver program since 1994) with recipients delineated by the titles A, B, and C, depending upon eligibility type. Group A students were the original fee waiver recipients, Group B were the fee credit recipients, and Group C were former grant recipients. Three additional simplifying reforms were made; all BOG support was converted to a first dollar program, the level of support equaled the entire amount of the fee regardless of level of need (rather than a sliding scale for BOG-C students), and applicants for Groups A and B were allowed to fill out a simple, BOGG-only form.

By 1986, this simplified process led to growth in participation rates for most ethnic and racial groups (Table 2). The impact on low income students was weaker—their proportion of the student population increased only slightly (Table 3)—while the percent of moderate income students continued to fall. Ultimately, award numbers increased by almost 50 percent, from 144,288 in 1984/85 to 214,446 in 1986/87, although a large proportion of eligible students con-

tinued to go unserved because of their failure to apply (CCCCO, 1987).

### Increased Administrative Capacity Funding in 2003/04

One of most substantial changes affecting the fee waiver was the increased administrative capacity funding provided by the state in 2003/04. During that year, “the state Budget Act redirected \$38 million in the California Community Colleges Chancellor's Office budget to increase financial aid administrative capacity and outreach. These funds were intended as a countermeasure to that year's 64 percent increase in community college fees, from \$11 to \$18, and were meant to ensure that the fee increase did not discourage or deprive students of the means for attending college” (CCCCO, 2011, 3). The new funding was used to target underrepresented groups, by (1) increasing awareness of available financial aid and (2) providing assistance in navigating the application process. The funding led to substantial increases in outreach both to potential students and to students who were enrolled and eligible but had not applied for aid.

While expanded use of the BOGFW by eligible students was not the primary goal of the new funding,<sup>8</sup> the CCCCCO's 2011 Financial Aid Report noted

a considerable increase in the allocation of BOG awards. While credit enrollment decreased by 5.2 percent between 2002/03 and 2010/11, the number of BOG waivers increased by more than 89 percent. By 2010/11, the BOGFW doubled to 44 percent of all credit enrollment and constituted 62 percent of all full-time credit enrollment (up from 47 percent). Perhaps most importantly, the impact was widespread. The number of Hispanic students receiving any type of aid increased by 117 percent while the number of African-Americans receiving aid increased by 70 percent. All 112 colleges reported an increase in the percentage of credit enrolled students receiving aid.<sup>9</sup>

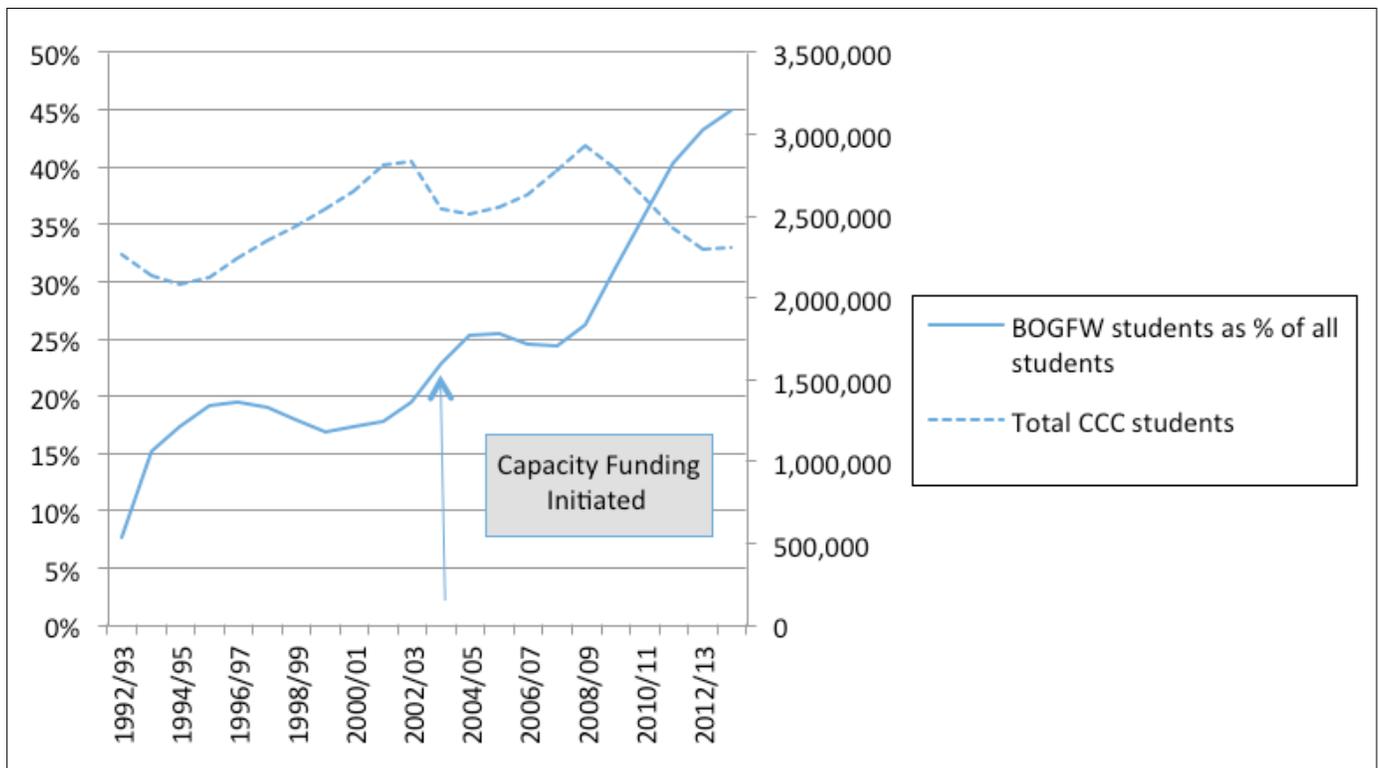
Figure 1 shows that after approximately seven years of relative stagnation, capacity funding appears to have jumpstarted an increase in the number of BOGFW students as a percentage of all CCC students. In

the next seven years, between 2003/04 and 2009/10, BOGFW students as a percentage of all students almost doubled. By 2013/14, 45 percent of students were receiving the fee waiver.

### The Fee Waiver and the Completion Agenda

While the fee waiver stayed mostly true to its original form for almost three decades,<sup>10</sup> a variety of pressures led to important changes in 2012. In 2007, the Institute for Higher Education Leadership and Policy (IHELP) published several studies calling for an increased focus on student success at California community colleges (Shulock and Moore, 2007a, 2007b, and 2007c). The authors of these studies and others argued that students at the colleges were not achieving at a level necessary to support California's workforce needs and that much of the problem was

**FIGURE 1:** BOG Fee Waiver Students as % of All Students



Data Source: CCCC DataMart (accessed January 14, 2016).

8. The 2011 Financial Aid Report notes that the main goal of the new funding was to increase the use of Pell Grants among CCC students. The impact on CalGrants was studied as well and utilization of both programs increased dramatically after 2003/04.
9. These numbers are presented on pages 23 through 28 of the CCCC's 2011 Financial Aid Report.
10. In 2012, BOG-C applicants had to illustrate need at least equal to the enrollment fee for full-time enrollment. Prior to that time, students need only show \$1 of need to qualify for a fee waiver. The memo outlining this change can be accessed at <http://extranet.cccc.edu/Portals/1/SSSP/FA/BOGFW%20minimum%20need%20memo%201-12.pdf>.

caused by (1) funding mechanisms that emphasized enrollment but not completion and (2) a lack of support services for students.

As a result of this work, SB 1143 (Liu) was introduced and passed in 2010. The legislation required the BOG to create a taskforce to address best practices for increasing student success. The Board of Governors' Student Success Task Force (SSTF) was convened in 2011 and released their recommendations in January, 2012. The SSTF report contained 22 recommendations across a broad range of issues. A recommendation relating to the fee waiver (Recommendation 3.2) was implemented in 2012 through the Campbell-Seymour Student Success Act (SB 1456 - Lowenthal). The bill required that the BOG adopt the first academic and progress standards for eligibility.<sup>11</sup> This change was based on the task force's conclusion that the new criteria would:

"...hold BOG Fee Waiver recipients to the same standards required of all students to maintain enrollment priority *and would encourage them to take advantage of resources provided by colleges* to support their academic success." (SSTF, 2012, 37; emphasis added)

The legislature also recognized the community colleges' responsibility to help students achieve these new standards. To this end, the bill obligated all colleges to support students in four general areas: (1) orientation, (2) assessment and placement, (3) educational planning, and (4) counseling, advising and follow-up services. The language of the bill made it clear that the enactment of the provisions enforcing higher standards for students would only be implemented if sufficient funding was allocated to provide these mechanisms for student support and success (Assembly Higher Education analysis of SB 1456). The Chancellor's Office allocated over \$183 million to colleges for the Student Success and Support Program (SSSP) in the first year of implementation (2014/15).<sup>12</sup>

## Conclusion

Throughout its 30-year history, the goal of the Board Financial Aid Program was to counter negative effects of the mandatory enrollment fee on financially needy students; and, with program simplification in the 1980s and increased capacity funding in the 2000s,

the waiver has achieved its original goal. The first significant changes to eligibility requirements were a response to the student success movement that gained momentum between 2005 and 2012. In 2012, the Seymour-Campbell Student Success Act passed, requiring new academic and progress standards for BOGFW recipients. The empirical effect of these changes on student success and completion rates should be more closely examined, but capturing the relationship between the changes and student outcomes will take time.

## Student Aid across States: Using the College Board Guidelines

In *Fulfilling the Commitment: Recommendations for Reforming Federal Student Aid* (2008), a student aid study group organized by the College Board identified seven principles for a successful federal financial aid program, five of which are applicable to more specific, state-level, programs.<sup>13</sup> First, aid should go to students who need it to be successful. Second, financial support should be sufficient to make completion possible for qualified students. Third, the process by which aid is provided should be both clear and simple. Fourth, eligibility should be predictable so that recipients know aid will meet their long-term needs. And, fifth, aid should be designed for both access and success (College Board, 2008, 7). These principles appear fairly easy to agree upon in theory, but in practice they can contradict one another and generate significant conflict. For example, a state may curb eligibility by requiring that recipients enroll in at least six credits. This may erect a barrier to aid for needy students who can only take three credits because they have to work forty hours per week to support their families. At the same time, it may generate student success because it incentivizes students to get through their programs more quickly. Whether someone views credit requirements as positive or negative depends on how that individual prioritizes these two outcomes.

## Methodology

In the following discussion, eight aid programs—including the BOGFW—are analyzed and compared in relation to the five principles outlined. The analysis

shows that state aid programs vary in their adherence to these study group guidelines. What makes the California BOGFW different is that the combination of all of its features makes it the most consistent with the recommendations in the College Board’s report.

Because of the attention focused on President Obama’s federal proposal, America’s College Promise is included in this analysis. The other comparison programs were chosen based on two criteria. First, any state that has passed and/or implemented a “college promise” program at the state level is analyzed where possible. Promise programs can vary substantially,<sup>14</sup> but they tend to offer some form of free-college tuition based on student residency

(Miller-Adams, 2015), at least in the first two years of post-secondary education. Some also include student support or assistance programs, such as mentoring. There are a large number of local promise programs,<sup>15</sup> but only two states have grant programs meeting this standard, Tennessee and Oregon. Second, because the BOGFW affects so many students, the remaining states were chosen based on the percentage of their public community college students who receive state or local funding.<sup>16</sup> Almost all states with a participation rate exceeding 50 percent are included.<sup>17</sup> These states are South Carolina, Kentucky, Georgia, and New York. Individual programs in each state were chosen based upon the following factors and are listed in Table 4 below:

**TABLE 4:** Descriptions of State Student Aid Programs

State/Federal	Program Name	Year Implemented	% Students Supported by State/Local Grants* (2012/13)	\$ of State/Local Grants per Student Supported* (2012/13)	Avg. Tuition (no fees) 24 credits for 2012/13
California	BOGFW	1984	62%	\$1,419	\$1,102
Federal	America’s College Promise	Bills introduced	n/a	n/a	n/a
Tennessee	Tennessee Promise	2015	61%	\$2,100	\$3,240
Oregon	Oregon Promise	Bill passed	18%	\$1,849	\$3,494
South Carolina	SC Need-Based Grant (NBG)	1996	66%	\$3,186	\$3,958
Kentucky	College Access Grant (CAG)	1994	63%	\$1,607	\$3,360
Georgia	HOPE Grant	1993	59%	\$1,616	\$1,962
New York	Tuition Assistance Program (TAP)	1974	56%	\$2,044	\$3,838

Data Source: IPEDS tuition and grant data and various websites. \* Numbers for “% Students Supported” and “\$ per Student” include all first-time, full-time students receiving state and/or local aid. For example, the entries for California include both CalGrants and BOGFW (among others). In addition, this is not the percentage of all community college students in the state, but the average percentage for each community college in the state.

11. Based on the SSTF conclusions, the Act required BOGFW recipients to maintain certain academic standards (Assembly Committee on Higher Education 2012). The original task force recommendations included a maximum unit cap for fee waivers as well, but this was explicitly prohibited in the bill (Education Code Section 76300, subsection (g)(1)(A)).
12. Data from <http://extranet.cccco.edu/Divisions/StudentServices/Matriculation/Allocations.aspx> (accessed October 2, 2015).
13. The other two are: (1) “Programs should be oriented first and foremost to helping students. Concerns about the impact of policy changes on particular institutions such as colleges, banks, or government agencies should take second place,” and (2) “Taxpayer funds should be used as efficiently as possible in advancing the principles set out above.” While these are laudable goals, they are primarily process rather than outcome related and judging programs by these standards would be extremely subjective.
14. Miller-Adams (2015) notes many differences, including but not limited to: number of years of college funded, flexibility of residential requirements, limitations on college of attendance, and level of student support provided.
15. In her book, *Promise Nation*, Miller-Adams identifies 51 different local programs as of 2014—two of which affect California community colleges: Ventura Promise and Long Beach Promise. She did not mention a third CCC program, Cuesta Promise (San Luis Obispo), in her summary.
16. This data was retrieved from IPEDS for the most recent year available, 2012/13. Local aid was included because IPEDS does not separate state and local funding in their surveys.
17. New Mexico has a state/local grant rate of 53 percent for students at two-year public colleges, but the information on the identified program (Student Incentive Grant) was limited and often conflicting.

- The aid is broad-based and therefore available to a large proportion of needy students. For example, any need-based aid directed only towards STEM or education students is not included.
- Initial eligibility is based on financial need and has no merit based requirements other than a high school diploma. Continuing eligibility may or may not have academic requirements.
- The aid must be available to some significant sector of community college students—for example, those pursuing an associate’s degree, transfer, or a certificate, inclusive. It must also encompass both academic and career training programs. Aid addressing only a subset of these programs is excluded.<sup>18</sup>
- The program must be statewide, not institution-specific.<sup>19</sup>
- The program must provide tuition support for public institutions and the institutions covered must include two-year and/or technical colleges. For example, the program may incorporate tuition grants for private or four-year institutions but that cannot be its sole function.

## Using the Guidelines: How Do State and Federal Programs Rate?

### Guideline #1: Aid should be directed to students who need it for academic success.

The assumption of this recommendation is that the primary role of aid is providing access to needy students. If this is the case, then (1) aid should be allocated specifically to students with high levels of need rather than as an entitlement to all students<sup>20</sup> and (2) there should be minimal barriers for eligible students to apply for and receive aid. The College Board report does not specify these barriers, but a brief review of the programs included here suggests the following limits to access: setting initial eligibility requirements, placing time limits on when a student can first apply for an award, limiting how long a student can receive aid, requiring that students be enrolled for a

certain number of credits each semester in specific types of courses, or requiring participation in additional, non-academic activities. The characteristics of each program are presented in Table 5<sup>21</sup> and a brief discussion of the findings is provided below.

### Need-Based Allocation versus Entitlement

Four of the programs are not need-based at all, which may reduce the efficiency of a state’s financial aid program. The Georgia, Tennessee, Oregon, and federal programs are entitlements, available to all students regardless of whether they have the capacity to pay for college on their own.

### Initial Eligibility

With the exception of the three promise programs, all of the programs in this analysis were chosen based on the lack of initial eligibility requirements (beyond attainment of a high school diploma or GED). The Oregon Promise requires students to have a high school grade point average of at least 2.5, which reduces the number of eligible students.

### Time Limits for Eligibility

In the CCC system, students may apply for a BOG-FW at any time and receive it for as long as they are eligible to take courses. Compare this to both promise programs. A student must begin using their award in the Fall following (Tennessee) or within six months of (Oregon) their high school graduation. Failure to do so means relinquishing the rights to the award for a lifetime. None of the other five programs places a time limit on first application.<sup>22</sup>

### Length of Eligibility

The proposed limit for length of eligibility for the federal program is three years after first benefit. For most states, the award period varies from five or six semesters (Oregon, Tennessee, Kentucky, and Georgia) to eight full-time semesters (New York and South Carolina). There is no limit for the California BOGFW; students receive the grant as long as they are eligible and take credit courses.

### Minimum Enrollment and Specific Courses

Eligibility can also be enrollment-related. Only the California and Georgia programs have no minimum credit requirement; the rest require students to enroll in at least six credits each semester they receive aid. And, California’s BOGFW is the only program that

**TABLE 5: Eligibility Requirements of State Student Aid Programs**

State	Need Based	Initial Eligibility Req.	Time Limitations for First Application	Time Limit	Min. Credits	Specific Courses	Other Requirements
California BOGFW	Yes	No	No	No	No	No	No
New York TAP	Yes	No	No	Yes	Yes	Yes	No
Georgia HOPE	No	No	No	Yes	No	Yes	No
So. Carolina NBG	Yes	No	No	Yes	Yes	Yes	No
Kentucky CAP	Yes	No	No	Yes	Yes	Yes	No
Oregon Promise	No	2.5 H.S. GPA	Yes	Yes	Yes	Yes	No
Tennessee Promise	No	No	Yes	Yes	Yes	Yes	Yes
Federal Promise	No	No	No	Yes	Yes	Yes	No

does not require students to take classes towards an approved degree or certificate. The fee waiver is applied to any course for which a student must pay the enrollment fee.

**Non-Academic Requirements**

Finally, the Tennessee Promise program requires all students receiving aid to participate in a mentorship and community service program. Failure to do so leads to loss of financial support. None of the remaining programs have such a requirement.

- 18. New Mexico has a state/local grant rate of 53 percent for students at two-year public colleges, but the information on the identified program (Student Incentive Grant) was limited and often conflicting. Minnesota was not included because its recently-passed free tuition program applies only to career and technical education.
- 19. This means that any program that is funded by the state but where individual institutions have significant ability to set qualification standards or award amounts has been excluded.
- 20. Entitlements are often preferred policy tools because they tend to generate more political support (Mayhew, 1974), but these guidelines do not relate to the political environment, only the most efficient implementation of aid programs.
- 21. In this table and all those following, darker cells denote more consistency with College Board guidelines.
- 22. Only first-time students are eligible for aid under the federal proposal.

## **Guideline #2: Financial support should be sufficient to make college completion possible for eligible students.**

Only some of the programs selected provide support sufficient to cover tuition and fees at the state's community colleges, while others allow money to be used for educational needs beyond tuition (e.g., books and transportation). The language of the federal proposal and the California, New York, Oregon, and Tennessee programs suggests that the goal is to cover all tuition for public colleges (and sometimes universities) in the state for eligible students. In most years, the maximum award in New York is higher than the average amount of tuition in two-year colleges;<sup>23</sup> however, the actual amount of aid provided to each student is based on a sliding scale so many students do not receive funds to cover all their tuition. In California, once a student qualifies for the BOGFW, their entire enrollment fee is waived automatically. The amount covered by Georgia HOPE varies from year to year but, with the exception of 2011/12, it has always been equal to (if not greater than) the actual amount of tuition at the state's two-year colleges.

The remaining two states provide grants with a flat maximum that does not currently cover the full cost of tuition. Kentucky's maximum is \$1,900, which is just about half of 2012/13 average yearly tuition. South Carolina's maximum rate is higher (\$2,500) but, if a student receives the maximum, it will cover only 63 percent of the average community college tuition in that state (2012/13). On the other hand, these states are also two of the three that allow students to use aid for expenses beyond tuition if they have remaining need; the third is Oregon. This is the dimension on which California does not score well since the BOGFW can only be applied to tuition and fees and not to other educational expenses.

It is important to note that the four programs designed to cover all tuition differ in another important way, some are "first-dollar" while others are "last-dollar." First-dollar programs do not limit how much support a student receives from a tuition grant based on other aid received. In a last-dollar program, students only receive state support when all other funding has been exhausted. If they receive Pell Grants, for instance, students do not receive the state grant if the

amount of the Pell exceeds the cost of tuition, even if they have other types of remaining need.

Table 6 illustrates this concept with two identical students. Even though their tuition, total need, and Pell Grants are the same, Student A qualifies for the entire first-dollar tuition grant because the Pell does not have to be used for tuition before the grant can be applied. This leaves Student A with only \$500 in unmet need. Student B, on the other hand, still has \$2,000 of unmet need because the Pell Grant is sufficient to cover all tuition and must be used to do so, making the student ineligible for his or her state's tuition grant. Only the California, Georgia, New York and (proposed) federal programs are first-dollar.<sup>24</sup>

Table 7 presents three characteristics of funding level for each program. California, Georgia, Oregon, and the federal program rank the highest here.

## **Guideline #3: Aid should be provided in a clear and simple way.**

With the exception of the California BOGFW, all of the programs discussed here require every student to complete the Free Application for Federal Student Aid (FAFSA). Bartik et al. (2015) and others (Deming and Dynarski, 2010) suggest that the complex nature of the FAFSA application and verification process acts as a barrier to some first-generation and low-income students. Many California students, however, can apply for the fee waiver by filling out a much more straightforward form.<sup>25</sup>

Beyond the simplicity of the application form, other characteristics already discussed can influence the clarity and transparency of aid. First-dollar, fee waiver programs with limited eligibility requirements are the easiest for families to understand since they need not take account of other aid to determine their benefit or calculate how their income affects the amount of aid they ultimately receive. Limited requirements for initial or long-term eligibility also clarify the process for potential applicants; the fewer restrictions on eligibility, the more likely that potential recipients will correctly assess the probability of receiving aid and whether that aid will be sufficient for their needs. Only the California program scores moderate/high on both of these measures (Table 8).

**TABLE 6:** Comparison of First-Dollar versus Last-Dollar Tuition Aid

Student	Type of Program	Other Aid Received	Cost of Tuition	Amount of Tuition Grant Received	Total Aid to Student	Total Need	Unmet Need
A	First-dollar	\$5,000 Pell	\$1,500	\$1,500	\$6,500	\$7,000	\$500
B	Last-dollar	\$5,000 Pell	\$1,500	\$0	\$5,000	\$7,000	\$2,000

Data: Hypothetical/generated by author.

**TABLE 7:** Three Characteristics of Funding Level

State	Cover All Tuition	Extra Funds	First Dollar
California BOGFW	Yes	No	Yes
New York TAP	Max-Yes Avg- No	No	Yes
Georgia HOPE	Yes	Currently – No Prior to 2011 –Yes	Yes
South Carolina NBG	No	Yes	No
Kentucky CAP	No	Yes	No
Oregon Promise	Yes	Yes	No
Tennessee Promise	Yes	No	No
Federal Promise	Yes	No	Yes

23. From 1995/96 to 2001/02, individual allocations were limited to just 90 percent of tuition costs

24. Georgia's program is first-dollar unless the student receives other aid that must be applied to tuition. Only then is the size of the award diminished by the amount of the other aid.

25. The BOG form has transformed over time from a one-page application to today's four-page form, including instructions. But this is still less than half the length of the FAFSA application which is ten pages (instructions included).

**TABLE 8:** Elements of the Financial Aid Process

State	Requires FAFSA	Leniency of Eligibility Requirements
California BOGFW	BOGFW-C Students Only*	High
New York TAP	Yes	Moderate
Georgia HOPE	Yes	Moderate
South Carolina NBG	Yes	Moderate
Kentucky CAP	Yes	Moderate
Oregon Promise	Yes	Low
Tennessee Promise	Yes	Low
Federal Promise	Yes	Moderate

\* BOGFW-C students have to fill out the FAFSA application to be eligible for the waiver because their eligibility is determined by Expected Family Contribution, which is calculated with the FAFSA. BOGFW-C students comprised 47 percent of all BOGFW recipients in 2014/15.

**Guideline #4: Eligibility should be predictable so that recipients know aid will meet their long-term needs.**

Eligibility standards for these programs have already been discussed and, with one exception,<sup>26</sup> they have been fairly standard for long-periods of time. However, there is another important aspect of predictability—the amount of aid for which a student will be eligible. Predictability of state funding for student aid is a critical aspect of a successful student aid program. Scott-Clayton (2012) notes that “[s]tudents and their families should be able to predict their college costs several years in advance, rather than making them wait until after admission to learn their eligibility [because s]tudents who are unsure of their ability to afford college may not take adequate steps to prepare academically while they are still in middle and high school” (page 18). This uncertainty about college costs comes both from the precipitously rising price of college and an inability to predict how much aid will be available in the future.

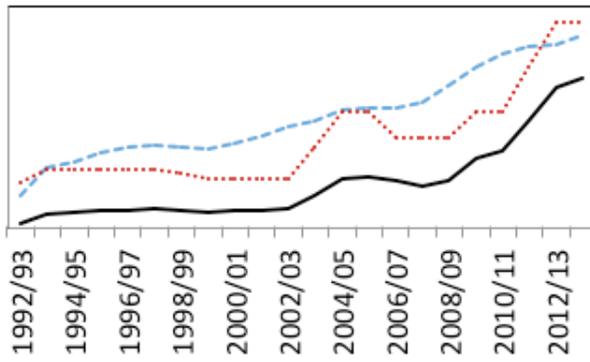
Many variables can affect state funding for financial aid. For programs covering all tuition—California, Georgia, New York, Tennessee, South Carolina, and America’s Promise—there are two mechanisms by which tuition increases can affect aid amounts. First, subsidy per student rises as fees increase requiring more state support for the program and, second, increased fees may boost the number of eligible students. For programs that offer a flat grant amount, tuition increases mean that the aid will pay a lower percentage of tuition for eligible students. Economic conditions can also influence aid funding; studies have consistently found that as unemployment increases, enrollment in community colleges goes up (Pennington, McGinty, and Williams, 2002), putting more pressure on aid funds.<sup>27</sup> The final variable is population growth. If a state’s population grows, the number of students qualifying for need-based aid increases, placing financial pressures on the program. Any of these three factors can lead a state to decrease the average award amount, provide funds on a first-come/first-served basis, or limit eligibility in order to reduce expenditures. A history of changing eligibility and award amounts increases uncertainty for students and their families.

### Tuition Increases

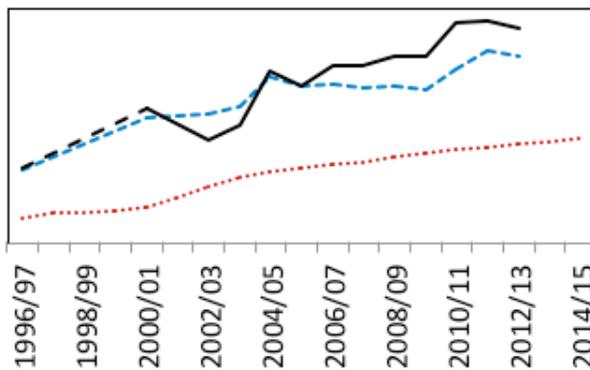
If the relative level of student aid stays consistent, then tuition, the number of grants, and total amount of grant aid provided should trend together over time. While fees at the CCCs remain among the lowest in the country, they have increased seven times between 1984 and 2012—from \$5 to \$46 per credit. However, these increases have not negatively affected the amount of money allocated or the number of students served—for California, all three lines in Figure 2 trend upward at approximately the same rate. The same relationship is found in South Carolina and New York as well.

**FIGURE 2:** Relationship between Tuition (dot red), Number of Students Served (dash blue), and Total Grant Expenditures (solid black), by state.<sup>28</sup>

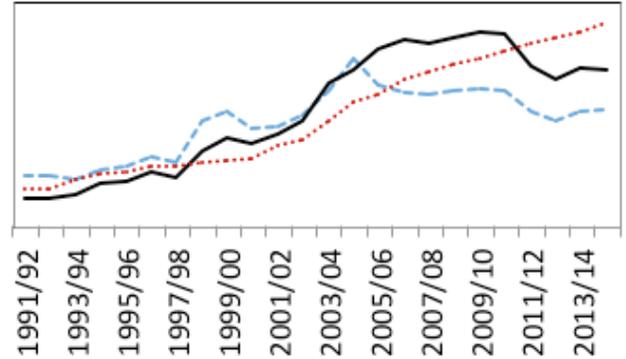
#### California



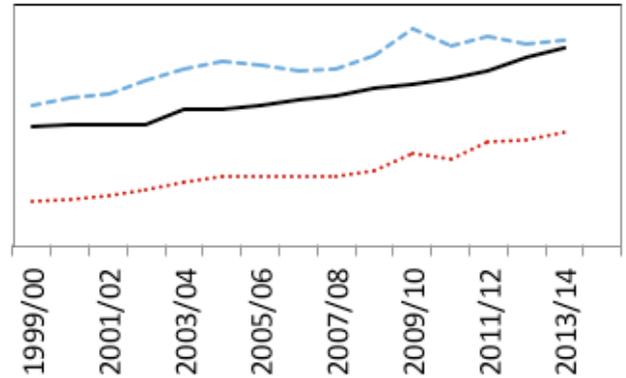
#### South Carolina



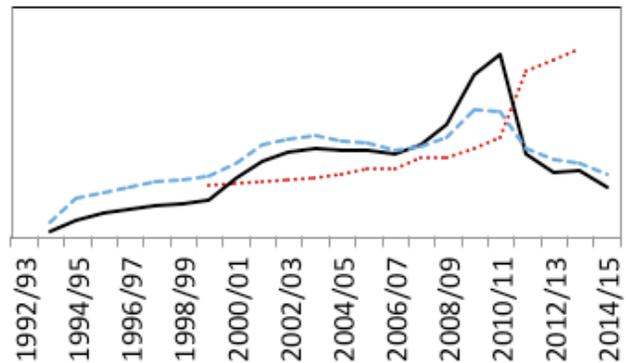
#### Kentucky



#### New York



#### Georgia



Data Source: CCCCO DataMart, various state websites, and data provided on request by state research offices.

26. The one exception is the Georgia HOPE Grant. Its eligibility requirements and support level have changed nine times since 1993, more than any other program discussed here.  
 27. This is due to the lower opportunity cost of education for those who cannot find work and the need for the unemployed to upgrade their skills during economic hard times (Betts and McFarland, 1995, 741-742; Hillman and Orans, 2013). When unemployed, students may also take more credits in an attempt to retool as quickly as possible. Fee increases also tend to occur during times of unemployment leading to an interaction effect between tuition/unemployment and student aid (Betts and McFarland, 1995).  
 28. States measure tuition, grants, etc. on different scales so, other than the trend, the relationship of the lines to one another within and across states should be ignored. What matters is whether the lines trend parallel to one another over time within states.

Compare those three graphs with those for the two remaining states. In Kentucky, tuition, number of grants, and total funding increased at a similar rate until about 2004. After that time tuition continued to increase, but the number of students receiving grants dropped and total aid expenditures flattened. In Georgia, the number and amount of grants grew faster than that of tuition until 2010. At that point both the average amount of grants and number of students served dropped sharply. In both of these states, student aid failed to keep up with increases in tuition.

**Unemployment**

If financial aid is consistent and predictable, then the number of grants should go up during times of economic downturn as the number of eligible students increases. In addition, if tuition increases with unemployment, then the average grant award must increase to maintain the same level of support. Table 9 shows the relationships between unemployment and (1) tuition per credit, (2) number of grant recipients, and (3) average award per student in those states where data was available. A “yes” identifies a positive relationship—tuition, number of grants, or size of average award increases as unemployment increases—while a “no” denotes no relationship.<sup>29</sup>

Only California shows an increase in both number of grant recipients and average award during low economic periods, as measured by unemployment. In

South Carolina, Kentucky, and Georgia, the number of grantees does not increase with unemployment, suggesting that eligibility requirements may be tightened in response to economic pressures. For example, in Georgia, the GPA requirement for the HOPE Grant went up to 3.0 at the height of the most recent recession but dropped back down to 2.0 in 2013. In Kentucky and South Carolina, need-based aid is provided on a first-come, first-served basis; the more eligible students, the more likely the funds are to run out. Finally, while tuition in New York varies with unemployment the size of the average award does not. This is not necessarily negative; the lack of a relationship in New York is the result of average awards trending upwards regardless of the rate of unemployment in that state.

**Population Growth**

California’s population grew by 25 percent between 1992 and 2014, but the number of students receiving the fee waiver grew even faster due to the increased capacity funding provided in 2003/04. Between 1992 and 2014, the number of fee waiver students increased by 222 percent. Fee waiver students as a percent of the state population increased from .5 percent in 1992/93 to over 2.5 percent in 2013/14, so the larger number of eligible students has not negatively affected general availability of the BOGFW.

**TABLE 9:** Relationships between Unemployment and Financial Aid Characteristics

State	Unemployment and Tuition per Credit	Unemployment and # of Grantees*	Unemployment and Average Award
California	Yes	Yes	Yes
South Carolina	Yes	No	Yes
New York	Yes	Yes	No
Kentucky	Yes	No	Yes
Georgia	No	No	Yes

\* Controlling for state population

During the time period studied, there were eight additional fee waiver recipients for every 100 new California residents. This is significantly higher than any of the other four states; South Carolina, New York, and Kentucky averaged an increase of about one grant recipient for every 100 new residents while Georgia averaged around two.

**Guideline #5: Aid should be directed not only towards access but success**

Since the Carnegie Commission on Higher Education’s report on equity and social justice in postsecondary institutions came out in 1973, the focus of many financial aid programs has been on providing access to financially needy students. The early assumption was that if financial barriers were removed, then access would lead to success. While there is sufficient reason to posit a positive relationship between student financial support and success (Castleman and Long, 2013; Fack and Grenet, 2015), a positive relationship is not guaranteed. Schulock and Moore (2007b) suggest, for example, that low fees and easy accessibility to fee waivers in California encourage students to enroll in too many classes without sufficient planning, leading students to drop and repeat many of their courses; a behavior negatively correlated with completion. Some changes have been made to

aid programs in attempt to improve student success rates.

All of the programs discussed here require that students meet certain GPA and course completion standards. Until 2012, the BOGFW had no GPA requirement, but recent Board of Governors regulations<sup>30</sup> require that students maintain a 2.0 GPA to retain eligibility. This standard is similar to almost all of the other programs studied (Table 11). Oregon’s Promise, sets a slightly higher GPA at 2.5.<sup>31</sup> A second aspect of satisfactory academic progress (SAP) is course completion. California’s is the most lenient completion provision, requiring only that students complete more than 50 percent of the courses in which they enroll. Most other states define SAP as completing 67 percent of courses taken and/or completing a program within 150 percent of the required hours. These are in line with the federal guidelines for an institution to receive Title IV funds.

While California’s minimum GPA requirement for maintaining aid eligibility is consistent with most other states, its minimum course completion rate is lower than the other programs. While this can increase access for needy students, it may not be sufficient to encourage behaviors critical to student success.

**TABLE 10:** Consistency of Program Funding

State	Tracks Tuition	Tracks Unemployment	Tracks Population
California BOGFW	Yes	Yes	Strongly
New York TAP	Yes	Yes	Weakly
Georgia HOPE	Yes	Moderately	Moderately
South Carolina NBG	No	Moderately	Weakly
Kentucky CAP	No	Moderately	Weakly

29. A negative relationship between unemployment and any of these three variables was not found in any state.  
 30. Required by the 2012 Seymour-Campbell Student Success Act.

## Discussion and Conclusion

Proposals for free community college tuition generated significant political debate in 2015, with at least two presidential candidates making it a highly visible part of their campaign platforms. This has prompted further discussion about how to structure tuition support programs to best achieve student access and success. For example, should programs waive all tuition? Should funding be directed to low income students or available to all regardless of ability to pay? How strict should eligibility requirements be (academic or otherwise)? Nowhere is this debate more timely than in California. In 2015, the Board of Governors Fee Waiver program celebrated its 30th year of providing tuition support to needy students and, in the following year, new student success initiatives related to the BOGFW eligibility will be fully implemented.

The College Board’s 2008 report, *Fulfilling the Commitment: Recommendations for Reforming Federal Student Aid*, outlines seven attributes of effective financial aid programs—five of which can serve to

empirically compare aid programs at the state level. Specifically, aid should be:

- Directed to needy students with minimum barriers to eligibility
- Sufficient to cover the costs of college completion
- Provided in a clear, simple manner
- Predictable
- Increase both access and success

California’s BOGFW program receives high scores on most of these standards, especially when compared to other state programs. The application and eligibility processes are relatively straightforward and students who qualify have their entire enrollment fee waived. Even with current policy changes, eligibility standards are more flexible than the other programs analyzed here. Finally, California and New York are the only two programs in this analysis where level of funding has been consistent over a long period of time; level of aid in both states remains the same (or increases) in relationship to changes in tuition, unemployment, and population growth.

**TABLE 11:** Minimum Satisfactory Academic Standards (SAP)

State	Minimum GPA	Minimum Course Completion Rate
California BOGFW	2.0	> 50%
New York TAP	2.0	67%
Georgia HOPE	2.0	67%
South Carolina NBG	2.0	67%
Kentucky CAP	2.0	67%
Oregon Promise	2.5	67%
Tennessee Promise	2.0	67%
Federal Promise	2.0	67%

The program also appears to have met at least some of its access goals. Traditionally underrepresented groups (African-Americans and Hispanics) have been overrepresented in the population of BOG recipients since at least 1992/93 and that overrepresentation has grown over time; since approximately 2009/10, African-Americans and Hispanics as a percent of the population has grown by one percentage point (from 44 to 45 percent) while their representation among BOG recipients has increased 8 percentage points (50 to 58 percent).

While the fee waiver program does well when judged by access and four of the five College Board standards noted here, the relationship between the recent BOGFW academic standards and student success has yet to be determined. The new BOGFW eligibility requirements will be fully implemented in Fall, 2016 so, if success is gauged with traditional six-year completion cohorts, the first cohort data will not be available until the end of the 2021/22 academic year. At that point, California will have data from the first natural experiment to test the impact of such standards on completion rates, providing insight into how aid can be designed to increase student success.

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31. In 2011, Georgia instituted a 3.0 GPA requirement to maintain eligibility, but it was repealed in 2014.

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