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ABSTRACT

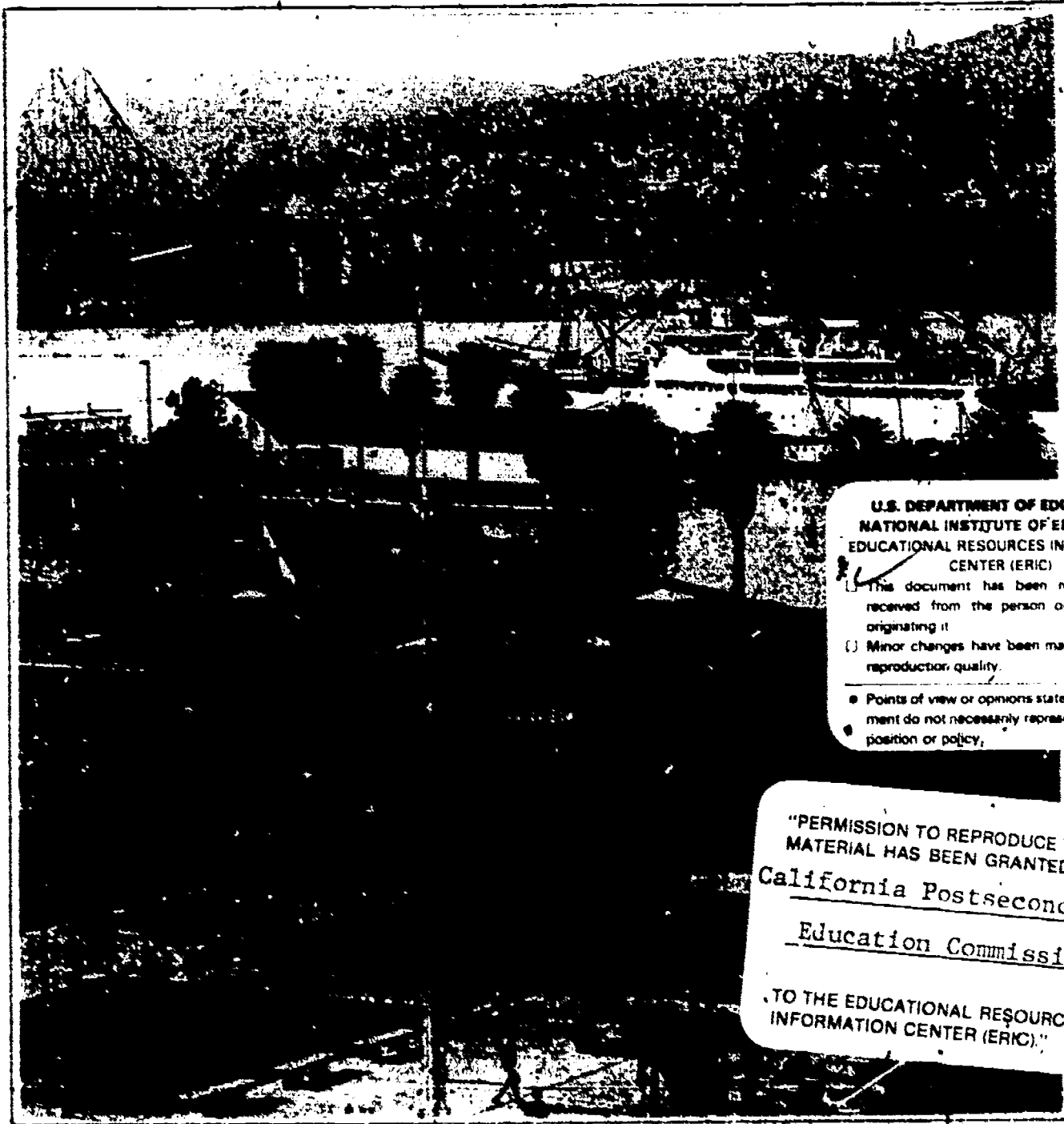
Results of a study of student fee policies at the California Maritime Academy are presented, along with recommendations for setting and adjusting student fees. A description of the academy covers its levels, sources of budgetary and financial aid support, and educational costs. The long-term policy is based on the unique fiscal and academic requirements of the academy. Before examining the fee-setting mechanism, a set of principles and guidelines for setting and adjusting student charges of the academy are stated, based on charges recently adopted for California public higher education in general. The principles cover the establishment of academic policy, the use of fee revenues, the predictability of fees, unusual state fiscal circumstances, the state role in fee determination, student financial aid to offset fee increases, and information and monitoring of the fee policy. One main goal of the fee policy is to keep fees as low as possible and to make changes in fees gradual, moderate, and predictable, with the state bearing primary responsibility for the cost of providing postsecondary education but with students being responsible for a portion of that cost. Student fees subject to the policy should include the student services fee, the education fee, and the medical fee. (SW)

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# STUDENT FEE POLICY AT THE CALIFORNIA MARITIME ACADEMY



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## CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

## CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

1020 Twelfth Street, Sacramento, California 95814 Telephone (916) 445-7933

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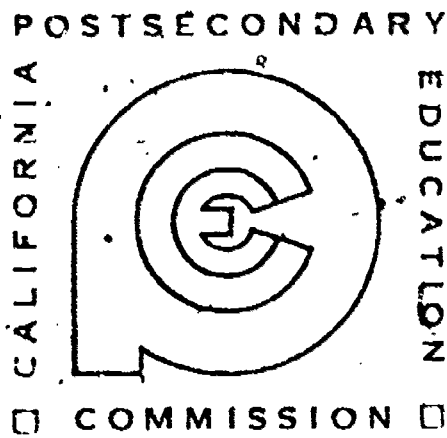
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**STUDENT FEE POLICY  
AT THE CALIFORNIA MARITIME ACADEMY**

**A Report to the Legislature in Response  
to Supplemental Language to the 1984-85 Budget Act**



**CALIFORNIA POSTSECONDARY EDUCATION COMMISSION  
1020 Twelfth Street, Sacramento, California 95814**

Commission Report 85-10  
Adopted March 4, 1985

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## INTRODUCTION

In Supplemental Language to the 1984-85 Budget Act, the Legislature stated:

The Postsecondary Education Commission is directed to conduct a study of student fee policies at the California Maritime Academy, consider options for setting and adjusting student fees at the Maritime Academy and make recommendations for state policy on this subject which is consistent in principle with that for the other postsecondary segments. The Commission shall conduct this study with the advice and participation of students, faculty, administrators, and the Board of Governors of the California Maritime Academy, and a representative each from the Legislative Analyst, the Department of Finance, and the California Student Aid Commission. The study shall be submitted to the Legislature no later than March 15, 1985.

To fulfill this charge, the Commission sought the counsel of the following advisory committee:

Admiral Joseph Ekelund, representing the Academy's administration;  
Dean Jack Wittry, representing its faculty;  
Midshipmen Jim Corbett and Brendon Hardy, representing its students;  
Gus Plessas, representing its Board of Governors;  
Stuart Marshall and Chuck Lieberman, representing the Office of the Legislative Analyst;  
Yoshie Fujiwara, representing the Department of Finance; and  
Ted Ternes, representing the Student Aid Commission.

In this report, the Commission addresses three issues central to State policy regarding student fees at the Academy:

1. What are the unique fiscal and academic requirements of the Academy that long-term fee policy must meet?
2. What should be the underlying principles for such a policy?
3. What fee-setting mechanism flows from these principles?

In seeking to answer these questions, the Commission has analyzed current State policy regarding student fees at the Academy, the relation of the Academy's tuition and fees to its overall budget and General Fund support, the current availability of financial aid for its students, and the level of its fees in relation to those at comparable institutions elsewhere.

This report contains three sections about the Maritime Academy and its fee policy.

- Part One describes the Academy and its levels and sources of budgetary and financial aid support and educational costs.



- Part Two states a set of principles and guidelines for setting and adjusting student charges at the Academy, based on those recently adopted for California public higher education in general.
- Part Three offers the Commission's recommendations about the Academy's fee policy and the elements of its fee-setting and adjusting mechanism, including the nature of student charges and the basis for determining change in these charges over time.

In submitting this report to the Legislature, the Commission wishes to acknowledge its appreciation of the assistance in its study of both the advisory committee and the staff of the Academy.

## ONE

### THE PROGRAM, STUDENT COSTS, AND SUPPORT OF THE CALIFORNIA MARITIME ACADEMY

The California Maritime Academy, located on the Carquinez Strait in Vallejo, was established in 1929 by the Legislature as the California Nautical School. Until 1972, the Academy operated under the State Department of Education primarily as a vocational/technical institution and offered a program leading to licensure of merchant marine officers. In 1972, it became independent of the Department and broadened its curriculum to offer bachelor's degrees in marine engineering technology and nautical industrial technology. Current policy for the Academy's governance, including setting of student charges, dates from that year. An eight-member Board of Governors approves policy for the Academy under Sections 70010-70053 of the California Education Code, and the Academy's budget is negotiated during the State's annual budget process in the same manner as those of the University and State University.

The Academy is accredited by two nationally recognized accrediting agencies -- the Western Association of Schools and Colleges and the Accreditation Board for Engineering and Technology -- and by one unrecognized agency -- the National Association for Industrial Technology. The Academy operates a four-year program for eleven months each year, with students required to live on campus or, during annual cruises, on the Academy's training ship, the Golden Bear, which provides students with ship operating experience and enables them to meet U.S. Coast Guard and international maritime organization regulations for time at sea. Currently, about 450 are enrolled at the Academy -- a figure that has not changed appreciably since 1978-79 but may be somewhat lower next year.

The Academy is unique among California's public institutions of higher education in several ways that significantly influence student charges:

1. Its educational mission is limited to preparing students for positions in a specific industry rather than a broad discipline or profession.
2. Its program is exclusively technological and thus expensive -- and these costs for technology cannot be spread across a broad curriculum.
3. Its program requires on-campus residency and thus associated student costs.
4. Alone among California's public segments of higher education, it has charged its students tuition since 1972.

#### SOURCES OF SUPPORT AND EDUCATIONAL COSTS

Like the four other comparable state maritime academies in Maine, Massachusetts, New York, and Texas, the California Maritime Academy receives budget support

from three primary sources: State General Fund appropriations; federal funds; and reimbursements, including student fees and tuition. Its current-year support totals \$7,817,000, including \$5,027,000 in State General Funds, \$649,000 in federal funds, and \$2,003,000 in reimbursements.

The State General Fund expenditures to support the high-technology curriculum of the Academy have risen rapidly over the past decade -- from \$1,781,433 to \$3,809,000, or 114 percent, between fiscal 1973-74 to 1983-84. To establish the perspective for these increases, it should be noted that between 1974 and 1983 the Consumer Price Index rose by 102 percent. As shown in Table 1, State General Fund appropriations per student have grown by 105.4 percent in the past decade, while the student's cost for attending the Academy has increased a cumulative 159.9 percent. A good portion of these increases have occurred since 1978-79. In this post-Proposition 13 period, student costs have increased 100 percent while General Fund costs per student have grown 106.7 percent. As a percentage of General Funds expended per student, tuition and fees have grown from 36.2 percent in 1974-75 to 54.3 percent in 1983-84. Not only are students paying greatly increased charges, they are thus paying proportionally more of their educational costs.

Increases in these educational costs have been dramatic for several reasons: The Academy does not have the economies of scale available to other segments that offer courses of similar content and expense; and it has expenses peculiar to its mission, such as fuel oil and special repairs that are an unusually large part of its total budget. To the extent that these costs are necessary to maintain its academic program, they are not comparable to General Fund expenses incurred at other public institutions. At the same time, since the Academy serves a limited number of students with a limited high-cost curriculum, it is not unreasonable to expect these students to bear a proportionately larger share of their total educational costs, particularly in light of the fact that the Academy's enrollment has not grown in recent years. Nonetheless, rapid and unpredictable increases in student charges over recent years coupled with the inability of available financial aid to keep pace with these escalations make clear the need for a fee policy that will allow students and their families to plan future educational costs more accurately than in the past.

## CURRENT FEE POLICY

Historically, student charges at the Academy have been set largely as an ad hoc response to budgetary considerations rather than under a consistent State fee policy. Prior to 1972, these charges included only fees for student services and the costs of room and board. That year, however, the Legislature imposed a mandatory tuition charge of not less than \$135 per student (Education Code Section 70060), and since 1979-80 this charge has remained at \$645. Tuition is traditionally defined in California as student charges that cover at least a portion of the costs of instruction. In 1972, the \$135 charge did not begin to cover the Academy's costs of instruction, and current tuition does little more.

TABLE 1 Growth in Cost Per Student and Annual Tuition and Fees at the California Maritime Academy, 1974-75 Through 1984-85

<u>Year</u>	<u>Amount</u>	<u>Cumulative Growth Since 1975-76</u>	<u>Cumulative Growth Since 1977-78</u>	<u>Annual Change</u>
<b>General Fund Cost Per Student</b>				
1974-75	\$4,692	--	--	--
1975-76	5,153	9.8%	--	9.8%
1976-77	4,943	5.3	--	- 4.1
1977-78	4,673	- 0.5	--	- 5.5
1978-79	4,672	- 0.5	0.0%	0.0
1979-80	5,683	21.1	21.6	21.6
1980-81	6,796	44.8	45.4	19.6
1981-82	7,542	60.1	61.4	11.0
1982-83	7,237	54.2	54.9	- 4.0
1983-84	8,139	73.5	74.2	12.5
1984-85	9,637	105.4	106.2	18.4
<b>Annual Student Tuition and Fees<sup>1</sup></b>				
1974-75	\$1,700	--	--	--
1975-76	1,700	0.0%	--	0.0%
1976-77	1,955	15.0	--	--
1977-78	2,200	29.4	--	--
1978-79	2,991	75.9	36.0%	--
1979-80	2,971	74.8	35.0	--
1980-81	3,286	93.3	49.4	--
1981-82	3,412	100.0	55.1	--
1982-83	3,660	115.3	66.4	--
1983-84	4,418	159.9	100.0	--
1984-85	4,419	159.9	100.0	--
<b>Gross Costs per Student</b>				
1974-75	\$7,147	--	--	--
1975-76	7,946	11.0%	--	11.0%
1976-77	8,007	11.9	--	0.8
1977-78	8,199	14.6	--	2.4
1978-79	8,404	17.4	2.5%	2.5
1979-80	19,205	42.6	24.5	21.4
1980-81	11,486	60.5	40.1	12.6
1981-82	12,887	80.1	57.2	12.2
1982-83	13,051	82.4	59.2	1.3
1983-84	13,921	94.5	69.8	6.7
1984-85	15,103	111.0	84.2	8.5

1. Includes all fees and board and room.

Source: Governor's Budgets, 1974-75 through 1984-85.

Other mandatory fees for health service, athletics, and other student services bring total student fees at the Academy to an average of \$1,375 this year -- a figure comparable to fees paid at the University of California but that does not include room and board of approximately \$3,150. Because the Academy requires on-campus residency, the distinction between mandatory fee and board and room fees at the Academy is less clear than at the other segments. For purposes of analysis, only those fees other than room and board have been subject to statewide long-term fee policy. This has been a useful distinction for purposes of intersegmental equity and historical analysis; however the Commission has chosen to redefine these fee categories as outlined in Chapter Three below.

### COMPARABLE COSTS AT OTHER MARITIME ACADEMIES

The specific educational mission of the Maritime Academy makes comparison of costs to other public California colleges and universities difficult. More appropriate comparison of costs and fees is with fees at the four other state-supported maritime institutions -- the Maine and Massachusetts Maritime Academies, the Maritime College of the State University of New York, and the Maritime Program of Texas Agricultural and Mechanical University at Galveston. However, as Table 2 indicates, the similarities among the four institutions are more apparent than real. Although all four are supported by state and federal funds and reimbursements, both their budgetary process and their fee-setting policies vary widely. For example, three charge substantial tuition, but Texas ASM does not -- making its total student charges less and its state support per student more than in the other states. And California's Academy has a substantially smaller enrollment than those in Maine, Massachusetts, and New York, although its combination of State support and reimbursements are not significantly less than the other academies. In terms of fee-setting mechanisms, the academies and programs in Massachusetts, New York, and Texas are governed by boards of larger state systems of higher education that set their student fee policies. In Maine, the Academy's Board of Directors determines its level of student charges. In California, the Legislature allocates funds to the Academy, while fees are determined during the budget process as a response to total budgetary needs. Thus its student fees are set without reference to any long-range State fee policy and are based primarily on the need to keep student charges low enough to maintain enrollment levels while high enough to pay a significant share of the Academy's expenses.

### FINANCIAL AID

The fact that overall levels of financial aid for California college students have not kept pace with escalating educational costs is as true for the Maritime Academy as for other public four-year institutions. Table 3 indicates that financial aid as a percentage of tuition and fees has declined from a high of 48.7 percent in 1977-78 to 33.7 percent in 1983-84. This decrease comes in spite of total dollar increases in aid per student from \$429 in 1974-75 to \$1,412 in 1983-84 -- a jump of almost 230 percent.

**TABLE 2 Student Charges, Enrollment, Support, and Fee-Setting Mechanism of the Nation's Five State-Supported Maritime Institutions, 1984-85**

<u>Characteristic</u>	<u>California Maritime Academy</u>	<u>Maine Maritime Academy</u>	<u>Massachusetts Maritime Academy</u>	<u>State University of New York Maritime College</u>	<u>Texas A&amp;M University at Galveston Maritime Program</u>
Tuition	\$ 645	\$2,520	\$1,000	\$1,350.00	\$ 120
Fees	632	0	300	84.50	156
Tuition and Fees	\$1,375	\$2,520	\$1,300	\$1,434.50	\$ 276
Board and Room and Other Student Expenses	\$3,160	\$2,955	\$4,700	\$4,658.00	\$2,950
Total Student Costs	\$4,419	\$5,475	\$6,000 for freshmen; \$5,000 for others	\$6,092.50	\$3,226 (not including uniforms and other costs)
Headcount Enrollment	468	814	840	886 (1,069 full-time equivalent)	171
Total State Support and Reimbursements	\$7.2 million	\$6.8 million	\$7 million	\$7.5 million	Program support figures not available
State Support per Student	\$10,800	\$6,900	\$5,953	\$7,015	\$8,480
State-Funded Financial Aid	Cal Grants	State Student Incentive Grants and loans	Scholarships and grants	Tuition Assistance (TAP)	State Student Incentive Grants; Texas Public Education Grants
Fee-Setting Mechanism	Negotiated during budget process	Academy Board of Directors determines them in the budget-building process	Massachusetts Board of Regents recommends fees to the Legislature	SUNY Board of Trustees through the Chancellor uses weighted fee-setting mechanism	Board of Regents of Texas A&M University

Source: California Maritime Academy and California Postsecondary Education Commission.

Students at the Academy are eligible for all types of State and federal student financial aid. As at other segments, however, they are rapidly relying more and more on Guaranteed Student Loans as their primary source of aid. The Commission recommends that, wherever possible, financial aid made available to students to offset increased student fees be made through sources other than student loans.



**TABLE 3 Total General Fund Financial Aid per Student and Financial Aid as a Percentage of Tuition and Fees at the California Maritime Academy, 1974-75 Through 1983-84**

<u>Year</u>	<u>Total Financial Aid</u>	<u>Financial Aid as a Percent of Tuition and Fees</u>
1974-75	\$ 449	26.4%
1975-76	521	30.6
1976-77	852	43.6
1977-78	1,072	48.7
1978-79	1,171	39.2
1979-80	1,184	39.9
1980-81	1,331	40.5
1981-82	1,295	38.0
1982-83	1,440	39.3
1983-84	1,487	33.7.

Source: Governor's Budgets.



## PROPOSED STUDENT FEE PRINCIPLES AND GUIDELINES

Because the Supplemental Language calling for this report declares that State student fee policy for the Maritime Academy be consistent "in principle" with fee policy for the other segments of postsecondary education, the Commission believes that long-term student fee policy developed for these segments should be applied to the Maritime Academy wherever possible. Such policy has been developed concurrent to this study by the Fee Policy Committee, an independent group of State officials and postsecondary representatives convened by the Commission at the request of the Legislature and directed in budget language to "develop recommendations on a long-term student fee policy and specific fee level calculation methodologies" for all of public higher education. This Committee issued its Principles for Long-Term Student Fee Policy in December 1984. Its principles are intended to insure that access and choice to California's institutions of higher education are maintained and to prevent the precipitous and unpredictable changes in student fees that have occurred in recent years. These principles are currently applicable to the University of California, the California State University, and the Hastings College of the Law. Application of its principles to the Maritime Academy appears reasonable and consistent with the Legislature's charge in its Supplemental Language as well as with Commission policy expressed in its responses in 1982 and 1983 to Assembly Concurrent Resolution 81 (1982). Therefore, those principles constitute the framework that the Commission has used in drafting the following statements, which, except for wording describing the Academy's Board of Governors and the elements of State support that should drive its fee-setting mechanism, are identical to those for the University, State University, and Hastings. The Commission thus recommends adoption of these eight principles as State policy for setting and adjusting fees at the Academy, thereby basing this policy on broad agency and segmental agreement and giving legislative and executive officials an intersegmental context for evaluating its effectiveness.

## 1. GENERAL PRINCIPLES

To keep fees as low as possible, the State shall bear the primary responsibility for the cost of providing postsecondary education, but students shall be responsible for a portion of the total cost associated with their education. Increases, if necessary, of mandatory systemwide student fees at the California Maritime Academy shall be gradual, moderate, and predictable, and shall be equitable to those imposed on students in other segments of public higher education.

## 2. ESTABLISHMENT OF ACADEMY POLICY

The Board of Governors of the Academy shall establish long-term policies applicable to all student fees that are consistent with general State policy that requires fees to be equitable, and that assures that fee increases, if necessary, are gradual, moderate, and predictable. The Board of Governors will assure that the policies are determined after consultation with appropriate student representatives.

## 3. USE OF FEE REVENUES

The Board of Governors of the Academy shall establish policies for the expenditures of revenues from student fees. In establishing or modifying these policies, the Board shall solicit and consider recommendations submitted by the Academy's administration and developed in consultation with appropriate student representatives. The Board shall establish a formal consultative process for this purpose. Such policies shall be consistent with State long-term fee policy as applied in the normal budgetary process. The Board shall not impose mandatory fees for California residents that produce revenues to offset the cost related to instruction as determined by segmental policies.\*

## 4. PREDICTABILITY OF FEES

To avoid disrupting family and student expectations and ongoing institutional programs, mandatory student fees at the Academy shall be fixed as prescribed by State policy by the Board of Governors at least ten months prior to the fall term in which they become effective.

## 5. UNUSUAL STATE FISCAL CIRCUMSTANCES

In the event that State revenues and expenditures are in substantial imbalance because of factors unforeseen by the Governor and Legislature, such as initiative measures, natural disasters, or sudden deviations from economic trends, mandatory student fees may be increased or decreased, provided,

\*This principle precludes "tuition," or the use of student fees for the cost of instruction. The State Department of Finance has indicated that expenses other than instruction at the Academy are adequate to absorb what the Academy now terms tuition. Thus current tuition charges should be subsumed under the general heading of "student fees" and used to offset general fund costs for student services, academic support, and functions other than instruction.

however, that such fee increases or decreases in any one year shall not exceed 10 percent of the fee for the prior year.

## 6. STATE ROLE IN FEE DETERMINATION

In the absence of unusual State fiscal circumstances as defined in these policies, the Governor and Legislature shall, wherever applicable, in determining State appropriations for the California Maritime Academy, include in their determination the level of fees fixed by the Board of Governors if the following conditions are met:

- a. The Board has adopted and has adhered, or plans to adhere, to long-term student fee policies that prescribe a specific methodology for determination of fees.
- b. The methodology requires that annual changes in fees be indexed to a three-year moving average of changes in State appropriations, to be calculated from selected elements of State support that are expressly identified in the long-term policy. State appropriations for capital outlay and financial aid shall not be part of the base.
- c. The methodology by which such annual changes are determined is fully set out in the Academy's State budget request.
- d. The fee increase or decrease in any one year does not exceed 10 percent of the fee for the prior year, with the excess over 10 percent of the fee for the prior year, as determined by the methodology, being carried forward to subsequent years.

## 7. STUDENT FINANCIAL AID TO OFFSET FEE INCREASES

When mandatory student fees are raised at the Academy in accordance with State policy, the State shall provide sufficient student financial aid to offset the additional fees for students with demonstrated financial need as determined by State financial aid policy.

## 8. INFORMATION AND MONITORING

As part of annual State and segmental budgetary processes and at other times when requested by the Governor or Legislature, officials of the Academy and appropriate State executive and legislative fiscal agencies shall report on State long-term student fee policy and on the procedure and methodologies that implement such policy.

### THREE

#### SETTING AND ADJUSTING STUDENT FEES

To implement the eight principles stated in Part Two requires a mechanism for adjusting fees based on a pre-determined calculation of students' financial obligations, as well as a decision about the base level of student fees which contains those elements that will be subject to the fee-setting mechanism in the future. Therefore a determination must be made of (1) the elements of State appropriations from which a support figure can be derived; and (2) the total fees subject to the adjustment mechanism.

#### ELEMENTS OF STATE SUPPORT

Principle 6b in Part Two states that annual changes in fees shall be indexed to a three year moving average of the changes in selected elements of State appropriations. This figure is derived by subtracting federal funds from total appropriations and calculating the annual percentage change. This is then averaged over a three-year period in order to reduce the possibility of single-year fiscal changes having undo effect on student fee levels. The more inclusive the figure, the less likely it is to be subject to large fluctuations from year to year and over the three-year period. However, in the case of the Maritime Academy, the economies of scale are such that changes in individual elements may have substantial impact on the level of total appropriations. Two such elements are the cost of fuel oil for the Golden Bear and one-time repair costs for facilities associated with safety, energy conservation, and maintenance.

- Costs for fuel oil are subject to at least partial federal reimbursement and constitute an integral and ongoing expense necessary for the academic program of the Academy, and thus should be included in the calculation of total State appropriations. However, if these federal subsidies should end, thereby producing substantial increases in State support costs, the inclusion of this element in the calculation of total State appropriations may be reexamined.
- Special repair costs that have appeared in the Academy's budget only since 1982-83 and that are used to maintain the physical plant of the Academy affect year-to-year levels of State appropriations substantially and would greatly influence potential levels of student fees. For these reasons, the Commission believes they should be removed from the calculation of total State appropriations.

The Commission also recommends excluding from this calculation the costs incurred from the Academy's continuing Maritime Education Program. Although budgeted from the General Fund, this program provides continuing education for persons not enrolled at the Academy, and all costs are reimbursed through fees. The program will no longer be funded through the General Fund in

1986-87, and should be removed from the calculations so that it does not affect future levels of fees.

Principle 5b states that State appropriations for financial aid as well as for capital outlay shall not be a part of the base. Currently, the only State-supported financial aid that directly aids Academy students is the State's share of the federal College Work-Study program and the National Direct Student Loan program. Although these costs are not substantial, the Academy may, if it wishes, remove them from calculation of total State appropriations.

Therefore, the Commission recommends that State support be calculated as follows:

Total State Appropriations  
 - Special Repair Costs  
 - Continuing Maritime Education Costs  
 -----  
 = State Appropriations for  
 Calculating State Support

The change in these State appropriations will then be the index for adjusting student fees, and a three-year rolling average of these changes will be used to calculate the percentage change in student fees.

Table 4 indicates what the percentage change would have been from 1974-75 to 1984-85 and estimates what the percentage increase in student fees in 1985-86

**TABLE 4** Calculation of Student Fee Adjustment Based on Three-Year Rolling Average of State Appropriations for the California Maritime Academy

Fiscal Year	Total State Appropriations (less Federal Funds)	Special Repair Costs	Continuing Maritime Education Costs	State Appropriations for Calculating State Support	Percent Annual Change	Three-Year Rolling Average
1971-72	\$1,044,327	--	--	\$1,044,327	--	--
1972-73	1,249,353	--	--	1,249,353	19.6%	--
1973-74	1,569,735	--	--	1,569,735	25.6	--
1974-75	1,947,582	--	--	1,947,582	24.0	--
1975-76	2,420,941	--	--	2,420,941	24.3	23.1%
1976-77	2,885,251	--	--	2,885,251	19.2	24.6
1977-78	3,164,375	--	--	3,164,375	9.6	22.5
1978-79	3,144,147	--	--	3,144,147	- 0.006	17.7
1979-80	3,930,689	--	--	3,930,689	25.0	9.6
1980-81	4,655,000	--	--	4,655,000	18.4	11.5
1981-82	5,239,000	\$ 31,000	\$130,320	5,077,680	9.1	14.5
1982-83	5,475,000	276,000	135,044	5,063,956	- 0.003	17.5
1983-84	5,753,000	299,000	127,593	5,326,000	8.7	9.2
1984-85	7,168,000	771,000	138,000	6,259,000	13.6	5.9
1985-86	7,688,000	455,000	271,000	6,962,000	11.2	7.4
1986-87						11.2

Source: Commission staff calculations from California Maritime Academy and State Budget data.



and 1986-87 may be when this model is projected forward. As it indicates, the method of using a three-year rolling average, while far from perfect in obtaining gradual and moderate fee increases, is much superior to a single annual percent change. This rolling average for the Academy also compares favorably with those for California's other four-year public institutions.

## ELEMENTS OF STUDENT CHARGES

Listed below are the student fees currently charged by the Academy for other than room and board.

Student Services Fee for counseling, testing, career development, placement, social and cultural development, financial aid administration, housing administration, and dean's office support	\$ 220
Education Fee for athletic facilities and instructional support	425
Athletic Fee	55
Medical Fee	162
Activity Fee	40
Health Insurance	375
Service Fee for barber	45
Insurance Fee for extracurricular club and activity liability	6
Yearbook Fee	25
Cruise Fee for cruise laundry, movies, and other services	25
	<u>\$1,376</u>

The Commission believes that only three of these fees should be subject to the student fee-setting mechanism -- those directly associated with General Fund costs: the Student Services Fee, the Education Fee, and the Medical Fee. The other fees are comparable to permissive fees at the other segments, and changes in them should reflect changes in the cost of providing their particular activity or service.

Students are also allowed options in obtaining health insurance coverage, and it would not be appropriate for this cost to be subject to either a ceiling or a floor imposed by the fee-setting mechanism. Similarly, board and room fees should reflect changes that bear directly on the cost of residence operation and should not be subject to the fee-setting mechanism. Finally, the level of out-of-state tuition should also not be subject to this policy.

Therefore, the Commission proposes that the following fees be subject to the student fee policy, that they constitute the elements for inclusion in future fee-setting levels at the Academy, and that the Board of Governors use them in determining the base level of fees which will be subject to the fee-setting mechanism:

Student Services Fee	\$220
Education Fee	425
Medical Fee	<u>162</u>
TOTAL	\$807

Any adjustments to these elements, in accordance with Principle 8 in Part Two, should be communicated to the appropriate State executive and legislative fiscal agencies. Increases in fees not subject to the fee-setting mechanism should reflect the actual cost increases for providing the goods or services necessary, and the Board of Governors should document these cost increases in communicating the fee increases to these agencies.

Listed below is a projection of student fees for 1985-86 and 1986-87 based on the above mechanism. While fees will appear to decline in 1985-86 from current-year levels, this is due entirely to the fact that health insurance and other permissive fees are no longer charges subject to this long-term student fee policy and are not included in the total mandatory fees illustrated below.

**TABLE 5** *Calculated and Projected Fees at the California Maritime Academy Through 1986-87*

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
Percent Annual Change	13.6%	11.2%	--
Three-Year Average	5.9%	7.4%	11.2% (10.0%)*
Total Fee	\$807	\$867	\$954*

\*Represents a 1.2 percent carryover.

Source: Commission staff calculations.



## CONCLUSION

In this report, the California Postsecondary Education Commission has proposed a long-term student fee policy for the California Maritime Academy to accomplish three primary goals:

1. Fees should be kept as low as possible, and changes in fees should be gradual, moderate, and predictable, with the State bearing primary responsibility for the cost of providing postsecondary education but with students being responsible for a portion of that cost.
2. The policy should recognize the unique characteristics of the Academy and the students it serves.
3. The policy be as consistent and equitable as possible with long-term fee policy developed for the other segments of California higher education.

To this end, the Commission has made the following recommendations for long-term fee policy at the Academy:

- The Governing Board of the Academy should adopt the principles and guidelines for setting and adjusting student fees contained in Part Two of this report.
- Those charges currently termed "tuition" should be retained as student fees and be used to offset General Fund costs other than instruction.
- Wherever possible, financial aid made available to students to offset increased student charges should be through sources other than student loans.
- The basis for determining State support should be total State appropriation less the cost of special repairs and the Continuing Maritime Education program.
- A three-year rolling average of the percentage change in State appropriations should determine the level of change in student fees for subsequent years.
- Student fees subject to this policy should include the student services fee, the education fee, and the medical fee.
- Changes in fees not subject to the fee-setting mechanism should reflect actual cost increases and should be documented by the Board of Governors and communicated to the appropriate State fiscal agencies.

## REFERENCE

Fee Policy Committee. - Principles for Long-Term Student Fee Policy: Report of the Fee Policy Committee . . . Convened by the California Postsecondary Education Commission in response to Supplemental Language to the 1984-85 Budget Act. Distributed for the Fee Policy Committee by the Commission. Commission Report 84-40. Sacramento: The Commission, December 1984.

*The California Postsecondary Education Commission was created by the Legislature and the Governor in 1974 as the successor to the California Coordinating Council for Higher Education in order to coordinate and plan for education in California beyond high school. As a state agency, the Commission is responsible for assuring that the State's resources for postsecondary education are utilized effectively and efficiently; for promoting diversity, innovation, and responsiveness to the needs of students and society; and for advising the Legislature and the Governor on statewide educational policy and funding.*

*The Commission consists of 15 members. Nine represent the general public, with three each appointed by the Speaker of the Assembly, the Senate Rules Committee, and the Governor. The other six represent the major educational systems of the State.*

*The Commission holds regular public meetings throughout the year at which it takes action on staff studies and adopts positions on legislative proposals affecting postsecondary education. Further information about the Commission, its meetings, its staff, and its other publications may be obtained from the Commission offices at 1020 Twelfth Street, Sacramento, California 95814; telephone (916) 445-7933.*