



Issue Paper

Community College Funding

Education Commission of the States • 700 Broadway, Suite 1200 • Denver, CO 80203-3460 • 303.299.3600 • Fax: 303.296.8332 • www.ecs.org

Issues in Community College Funding

By Michael Griffith

April 2005

Background

Two-year colleges, commonly referred to as community colleges, have played a vital role in meeting student, community and employer/employee needs in this country for almost 100 years. Some numbers bear out the size and scope of community colleges in the United States – in 2000, 5.8 million students were enrolled in over 1,000 public community colleges in the United States (Source: [National Center for Educational Statistics](#)). Expenditures for public two-year colleges totaled \$28.3 billion with funding coming from a combination state (44%), local (20%) and federal expenditures (5%), as well as from student tuition and fees (20%), and other sources (11%) (Source: [American Association of Community Colleges](#)).

The distribution of state funds to community colleges can vary greatly from state to state. A [study of 44 state's community college systems](#) by the Education Commission of the States (ECS) in 2000, found that 29 of the states used a formula to allocate funds to community colleges while the other 15 states distributed funds without the use of a formula. State's that used a formula to distribute funds often use such factors as: total student enrollment, number of hours taught, total square footage of facilities or cost comparison to other institutions as their chief method to distribute funding. ECS' 2000 study also found that eight states distribute funding directly to individual community colleges while the other 36 states distribute funding to a central authority which then distributes the funding to individual colleges.

Survey Methodology

ECS conducted a survey in fall 2004 as part of a larger study of community college funding by the consulting firm of Hockaday-Hunter & Associates for the state of North Carolina. ECS' survey was undertaken to provide a better understanding of how states distribute resources to their community colleges. This survey reviewed the funding systems of 11 states, which were chosen for their geographic diversity. The 11 states reviewed for this study were: Alabama, Arizona, Florida, Illinois, Kansas, Kentucky, Louisiana, Ohio, South Carolina, Virginia and Washington. The survey focused on two issues within each state's system: (1) Does the state's funding system take into account one-year spikes in student enrollment? (2) Does the state-funding system provide additional funding for high-cost programs such as nursing, pre-med or engineering?

In each state, individuals who possessed in-depth knowledge of the state's community college-funding system were contacted. In most cases, these individuals were presidents of local community colleges. Interviewees also included deans of instruction, business officials and finance staff. ECS staff reviewed the information provided in the initial interview and clarified specific technical points by contacting additional experts in the state or by reviewing relevant legislation and/or administrative code. The definition of what constitutes a "community college" differs from state to state. For the purpose of this study, the term "community college" refers to any public two-year postsecondary institution, including schools that are sometimes referred to as junior colleges or technical schools/colleges. This study did not include state policies that deal with private or for-profit two-year institutions.

One-year Spikes in Student Enrollment

Each individual involved in this survey was asked if the state's funding system contained a provision that takes into account large, single-year increases in student enrollment for either the system as a whole or for individual colleges. All 11 states reported they had no provision within their funding system for one-year upward spikes in student enrollment. Six states did report they have provisions that help to assure colleges will not see a decrease in funding levels if they have a one-year downward spike in student enrollment. States reported having funding safeguards that included "hold-harmless" provisions (Arizona and Kansas) and "rolling student counts" (Florida, South Carolina and Virginia). In the case of community college-funding programs, hold-harmless provisions guarantee that a college will receive at least the same amount of state funding from one year to the next regardless of decreases in student enrollment. Rolling student counts allow for colleges to average out student-enrollment numbers over a period of years – thus helping to counterbalance any single year where there might be a decrease in student enrollment.

High-cost Educational Programs

This survey asked each participant if the state's funding system provides additional funds for high-cost educational programs that each college may offer. For the purpose of this study, "high-cost programs" included any program that may produce an increased cost to a community college over traditional general education programs/courses. Five states (Alabama, Arizona, Kansas, Louisiana and Washington) reported they have no provision for high-cost programs. Six states (Florida, Illinois, Kentucky, Ohio, South Carolina and Virginia) reported they have some provision for high-cost programs. State systems that provide additional funding to high-cost community college programs can be broken down into two basic categories: (1) states that provide additional dollar amounts to colleges for students enrolled in high-cost programs and (2) states that adjust teacher-student ratios in their funding formulas for high-cost programs.

Additional Funding for High-cost Programs

Three states (Illinois, Ohio and Florida) provide variations in funding levels to colleges depending on the program that students are enrolled in. In Illinois, the state provides varying funding amounts to colleges depending on the number of credit hours taken by students in different education categories, the state has six different categories (adult basic education, baccalaureate, business, technical, health and remedial). State funding averages \$33.63 per-credit hour but ranges from \$18.92/credit hour for remedial courses to \$94.88 per-credit hour for health courses. Ohio distributes funding to community colleges based on a per-student amount depending on the program area in which a student is enrolled. The following is a breakdown of the different instruction groups and what their per-student funding amount from the state is:

General Studies 1 – Introductory Social Sciences:	\$1,048
General Studies 2 – Introductory Humanities:	\$1,546
General Studies 3 – Introductory Sciences:	\$4,276
Technical Studies 1 – Business and Public Services:	\$2,448
Technical Studies 3 – Nursing and Engineering:	\$7,101
Baccalaureate 1 – Advanced Social Sciences:	\$2,519

Florida also provides some additional funding to colleges based on the education program that students are enrolled in. This funding, however, only accounts new state appropriations. The majority of state funding for community colleges in Florida is distributed through a "Base Plus" system. In a "Base Plus" system, a community college given the same amount of funding they received in the previous year plus the new state appropriations. Changes in program enrollments, facilities and related operational factors are used in a funding formula to distribute new state funds on an annual basis.

Adjusting Teacher-Student Ratios

Several states use teacher-student ratios to help determine the amount of state funds distributed to community colleges. In Kentucky, South Carolina and Virginia, the state establishes the number of faculty positions for each college by multiplying the number of enrolled students by a pre-set formula based on

the program in which a student is enrolled. The state then multiplies the number of faculty for each college by a state-established faculty salary amount – this gives the state the total cost for faculty at each institution. To this faculty cost, the state then adds additional funding for things such as instructional support, student services and capital cost. In each of these three states, faculty/student ratios vary depending on the educational discipline in which a student is enrolled. In South Carolina, there are 44 recognized educational disciplines that range in teacher-student ratios from one to seven for undergraduate “allied health” to one to 24 for undergraduate psychology. Virginia’s community college-funding system currently has 20 educational disciplines that are used when determining faculty-student ratios. A study of Virginia’s funding system, conducted for the state’s “Joint Committee on Higher Education Funding Policy,” recommended the state expand from having 20 to 30 disciplines. The four-year institutions have adopted the study’s recommendations, but the community college system has yet to do so.

Similarities and Differences

Of the 11 states in this study, none of their funding systems have a mechanism for single-year spikes in enrollment. To most of the interviewees in this study, the idea that the state may provide additional funding for a single year’s spike in enrollment through the funding system seemed foreign. No interviewee even mentioned that a state policymaker had introduced legislation on this topic or that individuals from the two-year college community had even seriously discussed this idea. The idea of differentiated funding for high-cost programs was an issue that resonated with many of those interviewed for this survey. Individuals from the five states that do not currently have a program like this in place each spoke about how their states either had a differential cost system in the past or there had been active discussions of adopting this system in the future.

Of the six states that do have funding adjustment for high-cost programs, the one constant is that each state targeted the largest amount of funding to students in the nursing/health sciences field. In each of these six states, nursing/health sciences received much greater rates of funding in the state formula compared to the lowest-cost program. This higher rate for these programs over the lowest-cost programs varied in each state from between 220% more funding weight (Virginia) to 678% more weight (Ohio). Although nursing/health sciences was the highest-cost program in each state’s funding formula, the lowest-cost program varied from state to state. In Illinois, students enrolled in “baccalaureate” programs were given the lowest weight, while in South Carolina it was students in technical training and adult basic education programs. Ohio targeted the least amount of funding to students in introductory social science programs. In Virginia, the lowest-funded students were those enrolled in lower-level humanities courses. Although the idea of adjusting a state community college-funding formula to target more resources to high-cost programs might be widely accepted, the variation in determining lowest-cost programs in each state is an indication that implementation of this idea will continue to vary greatly from state to state.

This Issue Paper was made possible with funding from Hockaday-Hunter & Associates (HHA). To review (HHA’s) study of the North Carolina community college-funding system, please go to <http://www.ncccs.cc.nc.us/>. Donny Hunter of Hockaday-Hunter & Associates can be reached at donnyhunter@alltel.net.

Michael Griffith is a policy analyst with the Education Commission of the States and can be reached at mgriffith@ecs.org.

© 2005 by the Education Commission of the States (ECS). All rights reserved. ECS is a nonprofit, nationwide organization that helps state leaders shape education policy.

To request permission to excerpt part of this publication, either in print or electronically, please fax a request to the attention of the ECS Communications Department, 303.296.8332 or e-mail ecs@ecs.org.

Helping State Leaders Shape Education Policy