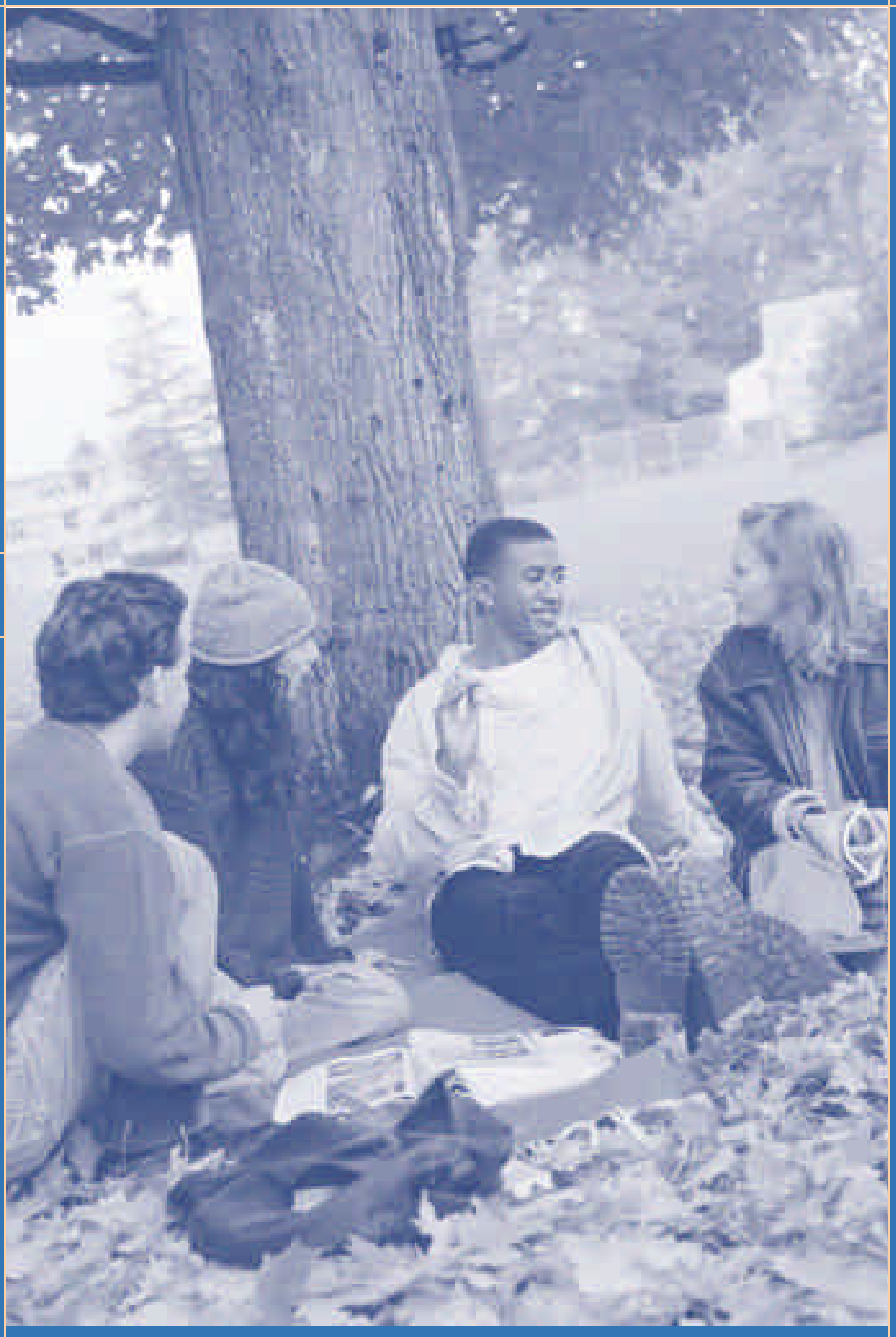
EDUCATION COMMISSION OF THE STATES

ECS

State Funding for Community Colleges: A 50-State Survey

COMMUNITY COLLEGE POLICY CENTER

ECS



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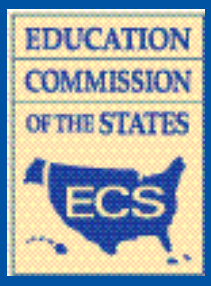

Center for Community College Policy
Education Commission of the States
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PREFACE

In a July 2000 constituent needs survey conducted by the Education Commission of the States (ECS), state policymakers were asked to identify the top 10 postsecondary education policy issues they anticipate facing in the future.The postsecondary education policy issue that concerned respondents most was the financing of colleges and universities. Such a response from state education leaders suggests the release of this report by the Center for Community College Policy is timely.

Community colleges play vital roles in meeting student, community and employer/employee needs, serving as the point of access and providing choices to nearly one-half of the nation's postsecondary students. In July 1999, ECS established the Center for Community College Policy to serve as a focal point for a range of policy services for state policymakers. Among other activities,the center operates a Web site (www.communitycollegepolicy.org) that provides information on each state's community college system, as well as policy papers on emerging policy issues.The center also organizes workshops and policy forums, conducts research and analysis, provides technical assistance, and facilitates state-level dialogues between policymakers and community college leaders. Initial support for the center was provided by a three-year $750,000 grant from the U.S. Department of Education (R215U990001-00).

The center wishes to acknowledge the support of a number of individuals without whose assistance this report would have been impossible. We particularly wish to express our deep gratitude to the survey respondents in the offices for community colleges or state community college associations from all 50 states. Much of the requested information was difficult to gather, and we deeply appreciate the thorough and conscientious efforts of each respondent.When we re-contacted state respondents to clarify and expand on our original survey instrument, they were kind enough to revisit their data to ensure that, as much as is possible, we were able to compare "apples and apples." The names of principal survey respondents are included in Appendix D on page 69.

We also want to acknowledge the support of the Council of State Directors of Community Colleges and the Association of State Executives for Community Colleges without whose vision and encouragement this report would not have been possible.Additionally, we appreciate the leadership of and support for the center provided by Jacqueline Woods, liaison to community colleges at the U.S. Department of Education, and Clifford Adelman, Office of Educational Research and Improvement project manager at the department.

Several individuals reviewed and provided feedback on various drafts of the survey instrument and subsequent report, including Dale Campbell,director and professor of the Institute of Higher Education Department of Educational Leadership at the University of Florida; David Honeyman, professor and director of the Center for Educational Finance at the University of Florida; Elizabeth Hodge,graduate student, University of Florida; Frank Renz, executive director, New Mexico Community College Association; Jan Motta, executive director, Massachusetts Community Colleges; Hans L'Orange, director of the State Higher Education Executive Officers and National Center for Education Statistics Communication Network; Richard Rhodes, vice president for business services, Salt Lake Community College; Richard Voorhees, associate vice president for instruction and student services, Community Colleges of Colorado; and James Palmer, associate professor, Illinois State University.

Within ECS and the center, Judie Mathers was the policy analyst primarily responsible for the development, implementation and analysis of the survey. ECS Policy Analyst Evelyn Waiwaiole and Center Director Katherine Boswell assisted in the analysis and preparation of the final report. Special acknowledgment is due to ECS Project Assistant Genevieve Hale, without whose doggedness in gently reminding state officials to return their data, this survey would have been impossible. Editorial assistance was provided by Kim Moyer, Sherry Freeland Walker and Josie Canales, and graphics were designed by Square One Creative.

Katherine Boswell

Katherine Boswell
Director, Center for Community College Policy

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INTRODUCTION

> Serving diverse purposes, a budget can be many things: a political act, a plan of work, a prediction, a source of enlightenment, a means of obfuscation, a mechanism of control, an escape from restrictions, a means to action, a brake on progress, even a prayer that the powers that be will deal gently with the best aspirations of fallible men.
>
> – Aaron Wildavsky
> *The Politics of the Budgetary Process,* 1964

Two-year colleges have existed in one form or another for nearly 100 years. But from their earliest days, they have tended to remain in the shadow of larger, more prominent, four-year colleges and universities, and public K-12 systems.

Some community colleges emerged as extensions of public high schools, while others had their origins in applied vocational and technical schools.Still other community colleges date back to the turn of the century, and many were a product of the emphasis on providing higher education access to returning World War II veterans. In the heyday of community college growth during the 1960s and '70s, a new college was opened every week somewhere in the United States.

This mix of origins of these uniquely American postsecondary institutions has resulted in widely differing patterns of public governance and support. Unlike their four-year counterparts,community colleges essentially have been a product of their local community, reflecting local priorities and resources.As a result,it has been extremely difficult to track and report on how they are funded.

In the past decade,however, both state and federal government officials have taken an increased interest in community colleges and expect them to assume a new and more prominent role in policy initiatives ranging from welfare reform to economic development.As a result,state policymakers have joined local community and college leaders in seeking ways to meet and finance the increased services demanded from community colleges in a highly competitive state-funding environment.

This financial challenge prompted the ECS Center for Community College Policy to survey postsecondary leaders in all 50 states to determine how they fund their community college systems.

Discussions with a few community college state directors,who were frustrated by the lack of data on how initiatives such as distance education or workforce development are funded in different states, led to the development of a survey instrument in the fall of 1999.The survey was sent to each state's community college office in November 1999. In February 2000, representatives from 24 states gathered in Washington, D.C.,to review the initial survey findings. Through the course of their discussions,it became clear that, despite significant efforts to clearly define terms used in the survey instrument, respondents had interpreted some questions differently. Thus,a revised survey instrument was sent out for a second round of data collection.

Some data were collected from all 50 states.Data from only 45 states, however, are included in many parts of the report because five states did not complete both versions of the survey instrument. It also is important to note that several states have multiple community and/or technical college systems,and collected data may not represent all of those systems. For example,data from the state of New York was submitted by the State University of New York system community college leaders and does not represent the separate City University of New York system. Wisconsin data was provided by Wisconsin Technical College system officials and does not represent the two-year transfer institutions that are

branch campuses of the state university systems.Similarly, data from Georgia primarily reflect responses from the Georgia Department of Technical and Adult Education and do not include community colleges that fall under the Georgia Board of Regents.

Given these limitations and the natural differences among states,the ECS Center for Community College Policy does not believe these survey findings provide a perfect comparison of how each state funds its community colleges. Rather, it has reported the data provided.The data's accuracy depend upon survey respondents'interpretation of the instrument's questions and how reliable their information sources were.When text responses are included in certain tables, ECS used the exact wording (within editorial limits) of respondents.Any editorial changes made for clarity purposes are found in brackets.ECS made a deliberate choice not to use data from the Integrated Postsecondary Education Data System, but rather asked respondents to provide current information.Finally, ECS recognizes this is an exploratory report that may raise more questions than it will answer.

ECS believes,however, that the report provides a starting point for further research and hopes that as policymakers and academic community leaders study these findings, they discover funding approaches that are worthy of consideration.ECS also intends that the policy questions included in each section of the report help guide state-level discussions about funding community colleges.

1 STATE APPROPRIATIONS TO COMMUNITY COLLEGES

Despite the establishment of public colleges and universities in the United States as early as the 1780s,the concept of state appropriations to support these institutions did not emerge until after the Civil War. When the federal legislature established the Morrill Land Grant Act in 1862, decisionmakers in every state established tax-supported public institutions of higher education (Chambers,1968).Throughout the 20th century, the bulk of state support for higher education came from state appropriations.

Community colleges, the majority of which emerged after World War II, historically have relied upon a mixed funding base. Survey respondents in 26 states report their community college systems depend on local tax funds, usually from property taxes.The remaining 24 state community college systems receive the bulk of their fiscal support in annual or biennial state legislative appropriations.Every state community college system, however, receives some level of state appropriation.

Understanding each state's appropriations process is central to understanding how each state finances its community colleges.Therefore,survey respondents were asked to explain their states'process and how funds are allocated to individual colleges.When it became apparent that formulas were used by a majority of states to determine appropriations,ECS asked additional questions to determine the factors included in such formulas,and which political body has the authority to change the funding formula.

An examination of the findings suggests state policymakers should bear in mind several policy questions as they consider the state appropriations process.Those questions include the following:

- How can state policymakers maintain appropriate fiscal accountability in the use of public resources while allowing postsecondary institutional leaders flexibility to manage their institutions efficiently?
- Do state funding policies provide incentives or disincentives to community colleges to meet critical state needs? (e.g., if community colleges are being called upon to meet the workforce training needs required under federal law, should state appropriation policies fund colleges for the short-term, noncredit training typically required under such programs?)

1.1 The State Appropriations Process

Survey findings indicate there are two primary methods for allocating appropriated funds to community colleges. Many states use a funding formula developed through a legislative process or by the state higher education board. Other states determine appropriations through legislative hearings and/or deliberations while considering state higher education board recommendations.

- Twenty-nine states report they use a funding formula to determine appropriations, including Arizona,Arkansas, California,Colorado,Georgia, Illinois,Kansas, Louisiana,Maryland, Massachusetts,Michigan, Missouri,Montana, North Carolina,Nebraska,Nevada,New Jersey, New Mexico, New York,Ohio,Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, West Virginia, Wisconsin and Wyoming.
- Fifteen states (Alabama,Alaska, Connecticut,Delaware,Florida, Hawaii, Idaho,Indiana,Iowa, Kentucky, Maine, Mississippi, Rhode Island, Virginia and Washington) report they do not have a funding formula to determine appropriations.

Appropriations to community colleges are reflected in the state budget either by a single consolidated appropriation to all community colleges in the state, as part of a consolidated higher education appropriation or as an appropriation to individual colleges.

- Twenty-four states report a single consolidated appropriation for all community colleges.They are Alabama, Alaska,California, Colorado,Connecticut, Hawaii,Idaho, Illinois, Kentucky, Maryland,Michigan, Mississippi, Missouri,Montana, Nebraska,New Jersey, New York, North Carolina, Oregon, Pennsylvania, South Carolina, Virginia, Washington and Wisconsin.

- Twelve states (Arizona,Arkansas, Florida,Indiana,Louisiana, Massachusetts,Nevada,New Hampshire, New Mexico, Tennessee, Texas and Utah) report that appropriations are allocated to individual institutions.
- Eight states (Georgia, Kansas, North Dakota,Ohio,Oklahoma, Rhode Island, Vermont and West Virginia) indicate that community college budgets are included in a consolidated appropriation with all postsecondary institutions.

State Funding Formulas

1.2

In general,there are two primary uses for a funding formula. It may be used to determine the total amount of funds appropriated to community colleges (pre-appropriation), or it may be used to determine how allocated funds are distributed to individual institutions (post-appropriation). States either use their formulas in one of these two ways or build a formula that serves both purposes. Table 1 below shows the states that use pre-appropriation or post-appropriation formulas and the states that use a combination of the two.

Table 1

Uses of Formula Funding in Determining System Appropriations and Institutional Allocations

Formula Used to Determine:	States
Total funds to be allocated (pre-appropriation)	CO, GA, IA, MA, NM, NV, SC
Allocation to individual institutions (post-appropriation)	IL, KS, NE, NJ, OH, OR, PA, TX, WI, WV
Both pre- and post-appropriation	AR, AZ, CA, MD, MO, MT, NC, NY, TN, WY

In addition,officials in two states indicate their formulas are used to allocate new money to institutions.The Michigan respondent said that state's funding formula is "used to allocate a percentage of the increase"stated in the appropriation.The Utah respondent indicated that the state's formula is used to determine "how new funding for growth is distributed."

An indicator of where the power and influence lies in making state-level fiscal decisions for community colleges may be evident in the various processes states use to develop and/or change funding formulas.

Table 2 below presents the responses of 25 of the 29 states that reported having a funding formula offered short descriptions of that process which are presented in Table 2 below. Respondents from Georgia, Louisiana, Missouri, New Jersey and Texas did not describe the procedures by which their states change the funding formula.

Table 2

Process for Developing and/or Changing Funding Formulas

State	Description
AR	Arkansas operates on a biennial budget cycle. For the 2001-03 biennium, funding policies were developed by the department's Institutional Finance staff in consultation with the presidents and chancellors of the state's two-year institutions. Recommendations, based on those policy agreements, were made to the Arkansas Higher Education Coordinating Board (AHECB). The AHECB's recommendations were then sent to the governor and the legislative council, a standing committee of the general assembly.
AZ	The value of each full-time enrollment (FTE) changes annually by dividing total current year Maintenance and Operations appropriation by total FTE.
CA	Structure is prescribed by legislative direction. Details are developed and adopted as Administrative Code (regulations). Board of Governors implements through regulations.
CO	All higher education governing boards are funded based on enrollment and performance. A change in this process would have to be initiated by the Colorado Commission on Higher Education, the governor's office or the general assembly.

Continued on next page

State	Description
IL	Minor revisions to the formula are made as new restricted grants are added. Significant changes are made by conducting a statewide survey and gathering input from community colleges.
KS	Board of Regents staff collaborate with the Kansas Association of Community College Trustees. A proposal for change would go to the board. If the board supports a proposal, it would go to the executive and legislative branches of government for consideration.
MA	Discussion between Board of Higher Education, Community College Office and campuses.
MD	Any interested party must work through the legislative process. A bill must be introduced, passed by the general assembly and signed into law by the governor.
MI	The legislature can make changes to the formula with input from other state agencies and community colleges.
MT	The legislature [makes funding formula changes].
NC	Changes require state board and legislative approval.
NE	Generally, the colleges develop a solution to a problem and bring it to the legislature.
NJ	Council of County Colleges develops the formula and forwards it to the state treasurer for official approval.
NM	The Commission on Higher Education, in consultation with the institutions, develops recommendations for changing or enhancing the formula. All changes [must] be approved by the legislature.
NV	Formulas are legislative approved. Current formulas were approved in 1986. The legislature would have to approve a new study to change the formulas.
NY	The formula is legislated and can be modified only through regular and/or budget legislation.
OH	The Instructional Subsidy Consultation is designed to provide a forum to discuss the Instructional Subsidy formula. Campus representatives from all sectors serve as members to the consultation. The consultation considers potential changes to the formula and examines data to judge the impact of such changes. Changes are agreed to by informal consensus, and recommended changes are then forwarded to the Higher Education Funding Commission. Policies agreed to by the commission are then forwarded to the Board of Regents for final adoption before being forwarded to the governor and the legislature.
OR	The funding formula was developed in collaboration with the colleges. Changes and/or approval rest with the State Board of Education.
PA	Change by legislation.
SC	Commission on Higher Education has been given statutory authority for developing and/or changing the funding formula.
TN	Higher Education Coordinating Board establishes task force of Board of Regents and University of Tennessee systems to change process.
UT	Utah System of Higher Education makes changes.
WI	State board would recommend change to legislature, and legislature and governor would decide to accept/reject change.
WV	Legislation.
WY	Commission collaboration with colleges.

The survey results also reveal that three primary elements tend to drive funding formulas in the states: enrollment, space utilization and comparison with peer institutions (see Table 3).Most respondents indicated that their state formula was focused on one of the drivers or a combination of two or three. Twenty states identified enrollment as the critical component of community college funding formulas.

Table 3

Drivers within the Funding Formulas

Drivers	States
Enrollment	AZ, CO, GA, IL, KS, MD, MS, MT, NC, NE, NJ, NY, OH, OR, PA, SC, TX, UT, WA, WV
Space utilization	None
Comparison with peer institutions	WY
Enrollment & space utilization	CA, NM, NV
Enrollment & space utilization, & comparison with peer institutions	AR, MA, TN

On a related issue, survey respondents in states where enrollment figures are required in the formula were asked whether projected enrollments or actual enrollment figures from the previous year are used to determine the appropriation.

- Respondents in 20 states (Arizona, Arkansas,Colorado,Georgia,Illinois,Kansas,Maryland,Massachusetts, Mississippi,Nebraska,New Jersey, New Mexico, New York, North Carolina,Ohio, Oregon, Tennessee, Texas, Utah and West Virginia) said their state's funding formula is based on actual enrollment from the previous year.
- Decisionmakers in Montana,Nevada, Pennsylvania and South Carolina base their funding formula on enrollment projections.

Respondents from two states report using drivers other than those listed above:

- Michigan uses a "combination of enrollment administration need,student services need,instructional support need [and] physical plant need."
- Wisconsin's respondent stated,"Operating costs [drive the funding formula] – enrollments [count], but costs are paramount."

Furthermore,seven states (California, Colorado, Illinois,Montana,Nebraska, New Mexico and Ohio) reported using additional drivers in combination with the three primary drivers (see Table 4 below).Respondents in these states volunteered this supplementary information in addition to the specific information requested by the survey. It is likely that other drivers also could be identified for other states.

Table 4

Additional Drivers for Funding Formula

State	Description
CA	Gross square feet and FTEs in leased facilities
CO	Performance
IL	Equalized Assessed Valuations, college costs, tuition revenue, other sources of revenue
MT	Support level per FTE, state percent, minor fixed costs
NE	Equalization factors based upon property tax collection
NM	Addition of space, library acquisitions, equipment inventory, utilities
OH	Facility size

Respondents also were asked to answer the following question: How closely does the final state appropriation reflect what would be expected under the funding formula?

The responses indicated that no matter how accurate or generous the funding formula, there is a wide variation in how state legislatures met obligations.Respondents'perceptions of how their state legislatures perform follow:

- Arizona – Exactly.
- California – Relatively close.
- Colorado – Generally, every governing board gets full recognition for its enrollment gain or loss.The performance formula only determines the share of the performance pool of money each governing board will receive.The general assembly determines how much the pool of money for performance will be.
- Connecticut – General fund and tuition resources,which are allocated by the Community College Board,currently achieve funding for approximately 100% of instruction formula, 84% of physical plant formula and 94% of library formula.
- Massachusetts – Varies from year to year, sometimes not at all.
- Maryland – Unless reduced by the general assembly, the state appropriation matches the funding formula expectation.
- Michigan – The formula never has been fully funded,but is used as a guide to allocate new dollars.The actual appropriations are 18-20% less than total need as determined by the formula.
- Missouri – Pretty close.
- Montana – Same.
- North Carolina – Legislature has always funded our FTE.
- New Mexico – Typically 100%, although not all of the formula funding factors are 100%.
- Nevada – Instruction function is usually funded at 100% of the formula.All other functions are funded at 0-50% of the formula.
- New Jersey – The state is supposed to provide one-third of the funding for community colleges.The state share has increased from a low of 22%,several years ago, to 33% more recently.
- New York – Very well,assuming the level of per FTE base state aid is relatively known and expected.If the base aid for the state share is uncertain, it obviously creates a great deal of local uncertainty.
- Ohio – Uncodified law, which provides actual dollar figures to be used in calculating the various components of the formula,accompanies the final state appropriation.Thus, the final appropriation closely reflects what would be expected under the funding formula.
- Pennsylvania – The appropriation equals the anticipated student enrollments plus mandated capital projects.
- South Carolina – Historically, about two-thirds of the funding formula calculation.
- Tennessee – Funded at about 92%.
- Texas – Fairly close.Appropriations act required reporting full cost of education for two-year institutions but funded at 71% of full cost.
- Wisconsin – Perfectly.
- West Virginia – Generally less,around 77%.
- Wyoming – First use of the model in 2000; fully funded.

Consideration of Program Costs in Determining Formula

1.3

Unlike universities that generally have far greater resources, 80% to 85% of the average community college budget is typically tied up in fixed personnel costs.As a result,two-year colleges perhaps are more influenced by fiscal incentives and disincentives in the budget process than their four-year counterparts. One of the issues reported on in the survey revealed the rate at which states recognize and fund the varied costs associated with certain academic programs that may require expensive equipment or intensive laboratory experience versus the lower costs typically associated with a general education lecture course.

Officials from 16 states reported that program costs are used in calculating their state's funding formula.Their descriptions of that section of the formula are presented in Table 5 below:

Table 5

Program Costs Used To Determine Support for Courses

State	Description
AR	Technical hours determined at 1.5 times general education; basic skills at two times general education; and health education at 2.4 times general education.
GA	Personal services component of the formula based on five weighted program clusters. Each cluster generates a different dollar amount per credit hour, based on the cost of programs within the cluster.
IL	Community college system conducts an annual unit cost study. This study gathers year-end expenditure and enrollment data for each community college district to develop an analysis of the costs of various budget categories and instructional disciplines on a statewide level. The study provides the basic cost information for determining a statewide credit-hour grant rate that is a primary source of funding for community colleges.
KS	The funding formula contains a multiplier of 1.75 per credit hour state aid for vocational programs.
KY	Program offerings have historically been considered in allocation of funds for both current and new program offerings.
MA	Certain courses (including developmental education) carry more weight.
MS	Associate Degree Nursing is weighted heavier in our formula due to its high cost nature.
NC	Weighted FTE for five high-cost programs.
NE	Some state funds are distributed through an enrollment-driven formula wherein courses are weighted in relation to costs. Academic transfer courses are weighted 1.0, light vocational courses are weighted 1.5 and heavy vocational courses are weighted 2.0.
NJ	[Program Costs] But this is being phased out.
NM	The "I" or Instruction portion of the formula contains different cost factors clustered around seven broad categories of instruction. A separate Equipment Renewal and Replacement formula generates funds for equipment renewal and replacement, based on inventory.
OH	Costs are an integral part of the instructional subsidy formula. The subsidy assigns student enrollments into one of 15 models, defined by six ranks of instruction and within [each] rank of instruction, by academic program. Within each rank of instruction, the classification system distinguishes lower-cost programs, such as social science, from more expensive programs, such as natural sciences. Individual student-unit records, campus finances, faculty data and space data, submitted annually by campuses, are used to determine the statewide average costs per full-time FTE for each of the 15 models.
PA	There are statewide programs, occupational, technical and advanced technology; an ad hoc group comprised of PDE officials and community college occupational deans reviews the programs and determine classifications.
SC	The cost of a program is usually associated with faculty salary.
TN	Each course content area is funded based on the specific costs incurred for that area.
UT	The funding factor per student is aggregated based on six program clusters (e.g., high cost/low cost).

1.4 Use of Line Items in the Appropriations Process

The use of restricted line items in a community college system budget has a significant impact on the capacity of institutions to be flexible in responding to system or state needs. Survey respondents were asked whether legislative approval was required to move funds between line items in their respective states. Table 6 summarizes their responses:

Table **6** **Use of Line Items in State Appropriations**

Does the legislature designate community college appropriations as a series of line items?	
Yes	24 States – AL, AR, AZ, CA, DE, HI, IL, KS, MA, MS, NC, ND, NH, NJ, NM, NV, NY, OH, RI, SC, TX, UT, WA, WI
No	25 States – AK, CO, CT, FL, GA, IA, ID, IN, KY, LA, MD, ME, MI, MN, MO, MT, NE, OK, OR, PA, TN, VA, VT, WV, WY

Is legislative approval required to move funds between line items?	
Yes	13 States – AL, AR, CA, DE, IL, KS, MS, NH, NY, OH, UT, WA, WI
No	36 States – AK, AZ, CO, CT, FL, GA, HI, IA, ID, IN, KY, LA, MA, MD, ME, MI, MN, MO, MT, NC, ND, NE, NJ, NM, NV, OK, OR, PA, RI, SC, TN, TX, VA, VT, WV, WY

Are salaries included as a separate line item?	
Yes	8 States – DE, GA, HI, NM, NV, RI, SC, WA
No	41 States – AK, AL, AR, AZ, CA, CO, CT, FL, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NY, OH, OK, OR, PA, TN, TX, UT, VA, VT, WI, WV, WY

GENERAL FINANCE ISSUES

2

From the early part of the 20th century to the present, there have been significant shifts in the sources of financial support for community colleges.In 1918, local funds made up 94% of the support for junior colleges, with the remaining 6% provided by tuition and fees (Cohen & Brawer, 1996).By 1992, local support to community colleges dropped to 18%, state support increased to 46%, and student tuition and fees covered 20% of the sources of revenue provided to two-year colleges. Federal and other sources made up 16%.

While colleges in 26 states still collect support from a local tax base, the trend for the past three decades has been for states to assume an increasing percentage of community college operating costs.This trend has been further driven by property tax limitation efforts in California,Arizona, Colorado, Hawaii,Illinois,Oregon and Washington (Cohen & Brawer, 1996). Colorado has an unusual mixed system, where 13 of the 15 community colleges are governed under the Colorado Community College and Occupational Education System Board, which receives the bulk of its revenue from the state.The other two Colorado community colleges heavily rely on their local tax base and receive a much smaller percentage of state dollars.

Beyond property tax limitation, another factor in the shift toward increased state funding has been concerns about the significant variations in the ability of small communities to support local colleges. Dramatic differences in property tax valuations across a state can lead to large disparities in tuition rates between wealthier communities and poorer districts, because poorer districts may be forced to raise tuition and fees to meet their basic budgets.

The findings from this survey about general finance issues suggest a number of policy questions that state leaders may consider as they review the funding of two-year institutions in their states.

Policy Questions for Consideration:

- How can states manage the mix of state appropriations and other revenue sources to ensure higher education vitality?
- To what extent does a strong reliance on local property taxes subvert the goal of providing equal access across the state?
- Does a shift away from local property taxes to state funding undermine a tradition of local control that has been common to community colleges?

Breakdown of General Operating Funds

2.1

As mentioned earlier, there has been a significant shift in the breakdown of general operating funds for community colleges over the past several decades, with an increase in the percentage of support coming from the state and a far greater reliance on student tuition and fee revenue.As Table 7 suggests, however, significant variations exist across the country. For example, Vermont's community college system collects only 14% of its operating funds from the state, compared to North Carolina's system which collects 75%.

Table

Percentage Breakdown of General Operating Funds for 1998-99

7

State	Federal*	State	Local	Tuition & Fees	Other**
AK	0.60%	44.40%	16.90%	15.20%	22.90%
AL	22.04%	47.24%	9.71%	21.01%	
AR		71.00%	3.00%	22.00%	4.00%
AZ	1.00%	21.00%	57.00%	20.00%	1.00%
CA	3.80%	50.90%	44.50%	0.80%	
CO	16.00%	42.00%	1.00%	24.00%	17.00%

Continued on next page

State	Federal*	State	Local	Tuition & Fees	Other**
CT		71.00%		19.00%	10.00%
DE	5.00%	57.00%	11.00%	17.00%	10.00%
FL	0.25%	68.51%	0.02%	23.06%	8.00%
GA	10.00%	63.00%	14.00%	13.00%	
HI	2.70%	61.80%		16.80%	18.70%
IA	3.21%	45.66%	5.89%	38.97%	6.27%
ID		46.20%	30.10%	17.80%	5.90%
IL	0.08%	25.77%	43.24%	26.93%	3.97%
IN		62.30%		37.70%	0.00%
KS	2.00%	24.00%	40.00%	16.00%	18.00%
KY	15.61%	54.15%	0.01%	17.60%	12.63%
LA	17.00%	55.00%		21.00%	7.00%
MA	18.00%	42.00%		24.00%	16.00%
MD		26.90%	33.40%	35.70%	3.94%
ME	4.00%	46.00%		22.00%	28.00%
MI	0.30%	26.50%	25.00%	23.20%	25.00%
MN		62.40%		36.50%	1.10%
MO	2.00%	41.00%	26.00%	24.00%	7.00%
MS	5.09%	52.25%	12.48%	18.43%	11.75%
MT		43.00%	23.00%	20.00%	14.00%
NC	3.20%	75.20%	12.90%	8.20%	0.50%
ND		49.00%	23.00%	28.00%	
NE		35.00%	37.00%	21.00%	7.00%
NH	13.00%	47.00%		40.00%	
NJ		24.00%	30.00%	42.00%	4.00%
NM	1.80%	59.60%	25.30%	13.20%	0.10%
NV	7.78%	63.30%	0.28%	23.05%	5.59%
NY	5.70%	29.00%	31.30%	34.00%	
OH	2.71%	45.29%	16.73%	32.21%	3.05%
OK	0.20%	59.70%	11.90%	19.80%	8.40%
OR	11.50%	39.90%	19.90%	16.20%	12.50%
PA	6.20%	35.70%	18.30%	35.70%	4.10%
RI		63.00%		34.00%	3.00%
SC	19.00%	45.00%	10.00%	24.00%	3.00%
TN	0.60%	66.50%		29.90%	3.00%
TX	14.40%	37.90%	17.90%	19.90%	9.80%
UT	0.00%	52.00%		25.00%	23.00%
VA	7.80%	57.7%	0.40%	30.70%	3.40%
VT	0.30%	14.00%		81.30%	4.40%
WA	5.00%	59.00%		17.00%	19.00%
WI	4.00%	21.00%	53.00%	16.00%	
WV	22.00%	51.00%		21.00%	6.00%
WY		63.00%	18.00%	19.00%	

*Includes all Perkins funds.
**Includes federal financial aid and restricted funds other than Perkins.

Local Revenue

The Center for Community College Policy asked respondents a series of questions concerning the varied sources of revenue that support community colleges in their states.Analysis of the data indicates the following:

- Twenty-six states use local tax revenue as a funding source.(Colorado has two colleges that collect local tax revenue; the balance of colleges receive the bulk of their support from the state. See Table 8.)
- Eighteen states do not have access to local tax revenue,including Alabama, Connecticut,Delaware,Florida, Georgia, Hawaii, Indiana,Louisiana, Massachusetts,Maine, Nevada, Rhode Island,South Carolina, Tennessee, Texas, Utah, Washington and West Virginia.

Tables 8 and 9 further explain how local tax revenue is generated for and allocated to two-year institutions,as well as the types of local revenue available other than property taxes, such as redevelopment funds,utility taxes,timber or mineral severance taxes,and motor vehicle taxes.

Table 8

Processes for Generating and Allocating Local Tax Revenue

State	Process Description
AK	[An example from one community college in Alaska]. Annual grant requests from City of Valdez as a Community Service Organization to its city council for allocation.
AR	Local tax may be generated through local millage or city or county sales tax.
AZ	Local community college districts levy primary and secondary property taxes.
CA	Districts receive a portion of the 1% countywide property tax based on their proportional share of property tax revenue received from their county prior to tax control (Prop. 13, 1978).
CO	Recently acquired two local-district junior colleges into the state system. These colleges still receive some local tax dollars that exclusively stay with those two colleges and are not allocated or spent at any other college.
IA	Each community college receives 20-25% tax levy, based on assessed valuation. Additionally, each community college may levy for projected needs, such as early retirement, equipment, unemployment, etc.
ID	Budget request generated and applied against the tax levy.
IL	Process is handled at the local board level in accordance with statutory requirements.
KS	Local board of trustees raises local taxes as determined by law. Only local boards may raise taxes from the taxing district. The local board determines how the local funds will be allocated within the institution's budget.
KY	Property taxes and/or specific allocation.
MD	Local governments, with input from community colleges, generate and allocate funds. State funding formula, however, requires current year local appropriations to be equal to or greater than [the] prior year to be eligible for increased state funds.
MI	College boards of trustees are authorized to submit millage requests to the voters in their legal college district. They are allowed to collect property tax revenue on the approved millage.
MO	Passing levies through local referendum.
MS	The community and junior colleges have a ceiling of three mills and a floor of one mill, which is set by state statute.
MT	Local property tax in the community college district.
NC	Counties must provide funds for plant operations and maintenance.
NE	Local boards set local levies in the budget approval process based upon limitations in state statute.
NJ	Colleges have annual negotiations with county government. All county dollars are property tax dollars.
NM	Branch campuses of universities legally must assess one mill in their taxing district and "independent" community colleges two mills. Each has the authority to tax up to five mills in a district pending voter approval. Contiguous taxing districts can be added with voter approval. The minimum levy is taken as a credit against the state allocation. All else approved above the minimum amount is available for the budget. In some instances, the extra millage is voted on for a special purpose, such as tuition reduction, and it is used for that purpose.

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State	Process Description
NY	Locally controlled process whereby the county legislature (or legislatures for colleges representing multiple county jurisdictions) determines the local budget share ("sponsor share") for the community college. The community college local budget share is included in the county budget the same as other county agencies, including operating-budget line items.
OH	Board of trustees of community colleges may request that the question of levying a tax on all taxable property in the community college district be placed on the ballot. The levy can be used to provide funds for the acquisition, construction or improvement of property, and for operating costs. If a majority of the electors in the district approve the measure, the county auditor in the applicable county or counties places the levy on the tax duplicate, and the revenue is allocated to the community college. The board of trustees is required to establish a special fund for all revenue derived from any tax levy.
OR	The county tax assessors determine the property taxes that go to particular community colleges.
PA	Local sponsors (county or school district) determine the amount they will contribute. In the case of some of the colleges that are school district sponsored, the amount is determined by the number of residents who attend from the school districts.
VA	Certain expenses of the community colleges must be paid for by local revenues (not specifically tax revenues); there is, however, no legislative or legal mandate for the localities to provide such revenues and there is no fixed amount that is to be provided. The presidents of the colleges must work closely with the local governments to sustain the willingness of the local governments to support the college.
WI	Wisconsin Technical College System district boards each levy local property tax, up to a limit of 1.5 mills for operating cost. They also can levy for long-term debt payments.
WY	Four mills in each college district by board action; one optional mill in each college district by board action; five optional mills in each college district by vote of the people

Table **9** **Alternative Local Revenue Sources Other Than Local Property Tax**

State	Revenue Description
AR	City or county sales tax
AZ	Monies paid in lieu of taxes from utility company
CA	Redevelopment funds
IL	Corporate Personal Property Replacement Tax revenue
MD	Payroll taxes and utility taxes
MO	Private gifts, private and federal contracts
MT	Interest, tuition, carry-forward funds
NC	Bonds
NM	Revenue bonds, general obligation construction bonds
NY	Sales tax (primarily)
OR	Timber severance or privilege taxes
PA	All counties and school districts utilize the property tax; others utilize occupational assessment taxes and income taxes
WY	Motor vehicle taxes in each college district

2.3 Capital Outlay

Like general operating support, sources of funding to support capital construction projects for community colleges are varied across the country. In many states, such projects are wholly a local matter and are planned, approved and funded by local sources. Other states require that all higher education capital infrastructure projects go through a state "building board" prioritization and approval process prior to being funded through a state-issued bonding process.

State respondents were asked if allocations of state funds for capital outlay require local matching funds.Analysis of their responses indicate the following:

- Eleven states require matching funds: California, Illinois, Kansas,Maryland,Missouri, North Carolina,New Jersey, New York,Oregon, Pennsylvania and Virginia.
- Twenty-eight states do not require matching funds, including Alaska,Alabama,Arkansas,Arizona, Colorado, Connecticut, Delaware, Florida,Georgia, Hawaii, Iowa, Idaho, Indiana, Kentucky, Louisiana,Mississippi, Nebraska, New Mexico,Nevada, Ohio,Rhode Island, South Carolina, Tennessee, Utah, Washington, Wisconsin, West Virginia and Wyoming.
- Maine and Massachusetts require matching funds "sometimes."

When asked if general state appropriations can be used for capital construction, respondents answered in the following ways:

- Twenty states may use general appropriations for capital construction, including Alabama,Alaska,Arizona, California, Florida,Georgia,Kansas, Louisiana, Maine, Maryland,Mississippi, New Mexico, Ohio,Oregon, Pennsylvania,Rhode Island, Tennessee, Utah, Virginia and Wyoming.
- Twenty-two states may not use general appropriations for capital construction: Arkansas,Colorado,Connecticut, Delaware,Hawaii,Idaho,Iowa, Illinois, Indiana,Kentucky, Massachusetts,Michigan, Missouri, North Carolina, Nebraska,Nevada, New Jersey, New York, South Carolina, Washington, Wisconsin and West Virginia.

Because support for capital outlay can vary greatly from year to year, respondents were asked to give a five-year average percentage breakdown of the different sources available in their state, calculated from 1994-99. Responses are presented in Table 10 below. They have been ordered according to the percentage reliance on local versus state funds.

Table **10**

Average Percentage Breakdown of Sources of Capital Outlay

State	Local Taxes/Bonds	State Taxes/Bonds	Other
MT	100.00%		
NE	100.00%		
TX	100.00%		
WI	100.00%		
WY	100.00%		
IA	95.00%		5.00%
LA	95.00%		5.00%
SC	71.00%	27.00%	2.00%
MS	60.00%	40.00%	
NC	59.00%	41.00%	
AK	50.00%	50.00%	
MI	50.00%	50.00%	
NJ	50.00%	50.00%	
NY	50.00%	50.00%	
PA	50.00%	50.00%	
MD	37.30%	62.70%	
NM	27.60%	58.60%	13.80%
CA	10.00%	90.00%	
OK	4.00%	6.00%	90.00%
CT		100.00%	
DE		100.00%	
FL		100.00%	

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State	Local Taxes/Bonds	State Taxes/Bonds	Other
HI		100.00%	
IN		100.00%	
MA		100.00%	
MN		100.00%	
NV		100.00%	
WV		100.00%	
WA		95.00%	5.00%
CO		93.80%	6.20%
UT		80.00%	20.00%
ME		80.00%	20.00%
VA		65.00%	35.00%
ND		63.00%	37.00%
GA		55.00%	45.00%
TN		47.00%	53.00%

ENROLLMENT FUNDING AND STUDENT SHARE OF COST

An ongoing conflict from the earliest days of the "junior college" movement has been the question of how much money students should pay to attend a two-year institution.The 1947 Truman Commission, which recommended the establishment of a national system of two-year "community"colleges within commuting distance of every American, stressed the importance of making public higher education free through grade 14 (Cohen & Brawer, 1996).Nonetheless, the decreasing availability of local support and a precipitous drop in state support for higher education in the 1980s has led to a significant reliance in nearly every state on student tuition and fees in all of higher education, including community colleges.

With the end of the 1990s,however, there has been discussion in some state capitols and the White House that the first two years of college education should be universally available at little or no cost. On August 5, 1997,the Clinton Administration signed the Taxpayer Relief Act that provides for the federal tax credit called the "Hope Scholarship" inspired by the merit-based scholarship program of the same name in Georgia.One of the goals of this federal tax credit provides an opportunity for students to attend at least two years of college. Many states have initiated their own merit programs to encourage greater participation in higher education.While applauding the goals of making access to the first two years of postsecondary education universal,many community college leaders have expressed profound concerns about the shift from need-based to merit-based financial aid programs that often do not benefit directly the nontraditional and part-time community college student.

While battles over tuition and financial aid rage, students have continued to enroll at these lower-cost public two-year institutions.According to the *National Profile of Community Colleges 2000*, between 1965 and 1996, community college enrollment increased by more than 400%.According to the National Center for Education Statistics, in 1997 more students enrolled at public community colleges than at public four-year colleges.At the same time, the percentage of high school graduates who indicate they intend to continue on to higher education is now approaching 80%, suggesting that at least some level of enrollment increases will continue.

These enrollment increases have sparked significant battles in some legislatures over the appropriate distribution of limited state higher education resources.Fearing the significant potential for higher education funding to be dominated by discussions of enrollment which have tended to benefit the two-year sector, leaders of many four-year colleges and universities have raised questions about the appropriate balance between providing access at the expense of ensuring quality at upper-division institutions.

These debates raise several questions policymakers should consider in shaping their states'policies on enrollment funding and student share of cost.

Policy Questions for Consideration:

- To what extent do significant differences in state support to two-year colleges versus state support to upper-division institutions represent a state's legitimate interests in creating a diversified system of higher education?
- To what extent do these differences represent inequities that are not in a state's best interests and which may be counter to the policy of providing affordable access to all citizens for a K-16 education?
- Is participation in public higher education a private or public good,and how is that reflected in a state's policies and practices?
- The U.S. Department of Labor has indicated that more than 80% of future jobs will require at least some postsecondary education, but less than a baccalaureate degree. If a state is committed to preparing a world-class workforce, are there tuition incentives provided to encourage more of its citizens to participate in postsecondary education and training opportunities?

3.1 Definition of FTE

While every state reports the full-time enrollment (FTE) of students attending higher education, the definition of an FTE varies across the country. Survey respondents were asked to explain how their states calculate FTE,and responses from all 50 states were available for analysis.

- Thirty-seven states indicated that FTE equals 30 annualized credit hours.These states are Alabama,Alaska, Arizona,Arkansas,Colorado,Connecticut, Delaware,Florida, Georgia,Hawaii,Idaho, Illinois,Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts,Minnesota, Missouri,Montana, Nebraska,Nevada,New Jersey, New Mexico,New York, Ohio,Oklahoma,Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Wisconsin and West Virginia.
- Thirteen states indicated some variance from this definition.These responses are presented in Table 11.

Table **11** **Alternative Definitions of Full-Time Enrollment**

State	Alternative Definitions of FTE
CA	15 student instructional contact hours per week over 35 weeks or 525 hours = one annualized FTE equivalent student
IA	24 credit hours = one credit FTE 600 contact hours = one noncredit FTE
KY	32 credit hours = one FTE
MI	31 credit hours = one FYES (Fiscal Year Equated Student)
MS	24 credit hours = one FTE
NC	16 credit hours X 16 weeks = 256 hours = one FTE 512 per semester *[not annualized]*
ND	32 credit hours = one annualized FTE
NH	32 credit hours = one annualized FTE
OR	510 contact hours = one FTE *[not annualized]*
PA	24 credit hours = one annualized FTE
SD	32 credit hours = one annualized FTE
WA	45 quarter credit hours = one annualized FTE
WY	24 credit hours = one annualized FTE

3.2 Total Number of Credit-Generating FTE

Having established the definition of FTE,the survey asked each respondent to report on the total number of credit-generating FTE in each of the major higher education sectors.As indicated in Table 12,some states only reported on FTE in the community college sector.

Table **12** **Comparison of Credit-Generating Annualized Student FTE from Different Higher Education Sectors**

State	Community/Technical Colleges	4-Year State Colleges & Universities	4-Year Research Universities
AK	615	18,567	
AL	48,842	44,774	58,024
AR	25,737	39,979	15,310
AZ	85,000		
CA	960,081	273,928	161,400

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State	Community/Technical Colleges	4-Year State Colleges & Universities	4-Year Research Universities
CO	37,016	50,482	45,559
CT	18,427	22,640	17,199
DE	7,452	19,193	
FL	183,603	114,244	
GA	45,197		
HI	29,101		
IA	57,634		
ID	2,325		
IL	181,720	182,045	98,203
IN	29,914	59,434	99,230
KS	36,867	64,366	
KY	20,702		
LA	18,046	104,221	27,929
MA	41,476	31,307	44,516
MD	79,234	87,250	
ME	4,804		
MI	109,700		
MN	61,491	45,336	
MO	42,434	52,019	39,751
MS	64,310		
MT	2,162	7,449	20,913
NC	107,321		
ND	5,844		
NE	23,323	42,641	
NH	6,008		
NJ	85,000	48,523	44,190
NM	32,622	6,845	30,588
NV	20,293	24,297	
NY	136,459	91,889	63,710
OH	81,790	321,196	
OR	89,626		
PA	73,386	95,051	142,765
SC	44,160	35,138	38,197
TN	46,635	61,286	
UT	34,545	17,635	38,255
VA	77,334		
VT	2,645	4,146	8,500
WA	120,689	29,251	52,740
WI	57,667		
WV	6,387	32,332	20,006
WY	13,675		

3.3 Average Expenditure Per FTE

Survey respondents also were asked to report the average expenditure for each annualized student FTE in each of the higher education sectors (see Table 13).The survey defined FTE expenditure as the total Education and General (E&G) budget divided by the total number of FTE.

Table **13** **Average Expenditure per Student Annualized FTE 1998-99**

(The following table has been organized from highest dollar to lowest dollar expenditure.)

State	Community/Technical Colleges	4-Year State Colleges and Universities	4-Year Research Universities
ME	$13,292		
WI	$10,475		
DE	$10,441		
CT	$9,685	$11,101	$17,561
NY	$9,383	$18,131	$25,579
AL	$9,253	$17,286	
MI	$9,055	$12,869	
MA	$8,081	$9,078	$13,327
IL	$7,774	$6,364	$6,019
LA	$7,712		
SC	$7,578	$11,167	$28,671
MO	$7,497	$10,072	$9,036
GA	$6,571		
MN	$6,536	$6,611	
OH	$6,434	$11,280	
AR	$6,272	$8,187	$11,827
RI	$6,202	$9,396	$11,424
AK	$6,057	$6,138	
ND	$5,995		
NV	$5,796	$8,880	
OK	$5,725	$6,345	$10,695
NJ	$5,614	$11,124	$15,905
TN	$5,560	$13,201	
NE	$5,503	$6,504	
CO	$5,474	$6,691	$10,509
MD	$5,473	$16,077	
WY	$5,378		
NM	$5,347	$8,528	$9,316
IN	$5,287	$7,164	$10,281
UT	$5,120	$5,980	$8,000
MT	$5,045	$6,657	$6,657
AZ	$5,018		
WV	$5,002	$5,700	$7,289
PA	$4,813	$11,817	$21,673
FL	$4,810	$8,421	
VA	$4,762		
MS	$4,752		
OR	$4,525		

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State	Community/Technical Colleges	4-Year State Colleges & Universities	4-Year Research Universities
NH	$4,500		
CA	$4,017	$9,510	$19,574
VT	$3,869	$9,230	$15,000
WA	$3,863	$5,479	$9,275
NC	$4,748	$10,494	
HI	$2,902	$13,120	

Comparison of Community College FTE and State Support

3.4

The survey asked respondents to compare the average expenditure per student FTE with the level of state support per FTE. Table 14 shows the results.

Table

Comparison of Average Expenditure per Community College Student FTE and State Support per Community College Student FTE 1998-99

14

(This table is organized from highest dollar expenditure to lowest dollar expenditure.)

State	Average Expenditure per Student FTE	Amount of State Support per FTE
ME	$13,292	$6,421
WI	$10,475	
DE	$10,441	$6,166
CT	$9,685	$7,678
NY	$9,383	$2,050
AL	$9,253	$3,840
MI	$9,055	$2,568
MA	$8,081	$3,233
IL	$7,774	$1,560
LA	$7,712	$3,360
SC	$7,578	$3,135
MO	$7,497	$3,267
GA	$6,571	$4,140
MN	$6,536	
OH	$6,434	$2,710
AR	$6,272	$8,190
RI	$6,202	$4,015
AK	$6,057	$2,813
ND	$5,995	
NV	$5,796	$6,511
OK	$5,725	
NJ	$5,614	$1,470
TN	$5,560	$3,828
NE	$5,503	$8,652
CO	$5,474	$3,159
MD	$5,473	$1,738
WY	$5,378	$3,238

Continued on next page

State	Average Expenditure per Student FTE	Amount of State Support per FTE
NM	$5,347	$3,348
IN	$5,287	$3,427
UT	$5,120	
MT	$5,045	
AZ	$5,018	$1,086
WV	$5,002	$3,696
PA	$4,813	$1,695
FL	$4,810	$3,351
VA	$4,762	
MS	$4,752	$2,464
OR	$4,525	$2,465
NH	$4,500	
CA	$4,017	$2,312
VT	$3,869	
WA	$3,863	$3,560
NC	$4,748	$3,818
HI	$2,902	$2,280

3.5 Student Share of Cost

Survey respondents were asked if their state has established a policy that sets a goal for the percentage of community college general operating funds to be generated by student tuition and fees (student share of cost).Analysis of the data showed the following results:

- Twenty-five states have no policy that sets a target percentage for student share of cost.Those states are: Alaska, Alabama,Arizona, California,Hawaii, Idaho,Indiana, Iowa,Kansas,Maine, Maryland, Michigan, Mississippi, Missouri, Montana,North Carolina,North Dakota, Nevada,New Mexico,South Carolina, Utah, Vermont, Washington, West Virginia and Wyoming.
- Two states (Wisconsin at 14.5% and Nebraska at 20%) have a policy target of having tuition set at less than 25% of the cost of instruction.
- Seven states (Arkansas,Colorado, Florida, Georgia,Kentucky, Louisiana and Tennessee) have a policy that sets tuition at no more than 25-30% of the cost of instruction.
- Four states (Connecticut,Illinois, New York and Ohio) have a target goal of 30-35%.
- Minnesota, Oklahoma and Pennsylvania have a target goal of one-third of the student cost.
- Rhode Island has a target goal of 35%-40%.

3.6 Student Tuition and Fees

Information regarding ranges in tuition and tuition and fees within each state is documented in Tables 15 and 16.The key finding is that there is great variation not only within each state, but also among states. For example,in Ohio,the lowest community college tuition rate is $1,520 per year, while the highest is $2,836,a difference of $1,316 (Table 15). In comparison, Nebraska's lowest tuition is $1,158,and its highest is $1,238,a difference of only $80. Table 16 displays the same type of comparisons,but includes fees.

High and Low Tuition by State (Tuition only)

State	Tuition Only-Low	Tuition Only-High
AK	$1,448	$1,448
AL	$1,200	$1,500
CA	$288	$288
CO	$1,320	$1,320
CT	$1,608	$1,608
DE	$1,380	$1,380
FL	$1,072	$1,175
GA	* $756	$756
HI	$984	$984
IA	$1,260	$1,584
IL	$1,020	$1,620
IN	$1,195	$2,394
KS	$648	$912
KY	$1,080	$1,080
LA	$880	$1,074
MA	$1,800	$1,920
ME	$2,040	$2,040
MN	$2,025	$2,130
MS	$800	$1,050
MT	$840	$1,156
NC	$560	$560
ND	$776	$776
NE	$1,158	$1,238
NM	$312	$732
NJ	$1,482	$2,168
NY	$2,150	$2,574
OH	$1,520	$2,836
OK	$708	$720
OR	$1,470	$1,710
PA	$1,080	$1,752
RI	$1,566	$1,566
TN	$1,130	$1,130
UT	$1,101	$1,272
WA	$1,584	$1,584
WI	$1,778	$2,439
WY	$970	$970

* Technical colleges only

Table 16

High and Low Tuition and Fees by State

State	Tuition/Fees - Low	Tuition/Fees - High
AK	$1,556	$1,556
AL	$1,200	$1,800
AR	$840	$1,290
AZ	$652	$1,140
CO	$1,404	$1,876
CT	$1,814	$1,814
FL	$1,144	$1,428
GA	* $782	$829
HI	$994	$1,034
IA	$1,368	$1,824
IL	$1,020	$1,725
IN	$1,995	$2,540
KS	$960	$1,104
KY	$1,280	$1,280
LA	$1,056	$1,264
MA	$2,070	$2,580
MD	$1,650	$2,760
ME	$2,150	$3,600
MI	$1,230	$1,910
MO	$1,200	$1,530
MS	$848	$1,250
MT	$1,512	$1,706
NC	$598	$598
ND	$1,552	$1,552
NE	$1,278	$1,335
NH	$3,520	$3,520
NJ	$1,767	$2,558
NM	$332	$820
OH	$1,853	$3,096
OR	$1,530	$1,800
PA	$1,202	$2,602
RI	$1,746	$1,746
SC	$840	$1,320
TN	$1,230	$1,254
UT	$1,281	$1,574
VT	$2,472	$2,472
WA	$1,584	$1,734
WV	$1,210	$1,486
WY	$1,301	$1,301

* Technical colleges only

Average Cost of Tuition and Fees Across Higher Education Sectors

Table 17 reports the average cost of tuition and fees for each state. Once again, there is great variation, not only within each state among the different sectors of education, but also across the county. For example, the average cost of tuition and fees in Ohio for community colleges is $2,299, while the average tuition and fees for four-year colleges and universities is $2,573, a difference of $274. In comparison, South Carolina's average cost of tuition and fees for community colleges is $1,072, while the average tuition and fees for four-year colleges and universities is $3,408, a difference of $2,336.

Table 17

Average Cost of Tuition and Fees Across Higher Education Sectors

State	Community/Technical Colleges	4-Year State Colleges & Universities	4-Year Research Universities
AK	$1,556	$1,836	
AL	$1,235	$2,475	
AR	$917	$2,540	$3,181
AZ	$831		
CA	$360	$1,889	$4,037
CO	$1,557	$2,381	$3,825
CT	$1,814	$3,667	$5,330
DE	$1,380	$4,421	
FL	$1,342	$2,114	
GA	* $806/$1,180	$1,730	$2,310
HI	$1,004	$2,050	
IA	$1,613	$2,867	
IL	$1,318	$2,540	$3,295
IN	$2,268	$3,135	$3,627
KS	$1,200	$2,300	
KY	$1,100		
LA	$1,147	$2,141	$2,841
MA	$2,293	$3,104	$4,741
MD	$2,188	$4,310	
ME	$2,910		
MI	$1,631		
MN	$2,064	$2,605	
MO	$1,378	$2,819	$4,504
MS	$1,016		
MT	$1,619	$4,009	$4,009
NC	$560	$1,416	
ND	$1,592	$1,906	$2,480
NE	$1,346	$3,223	
NH	$3,520		
NJ	$1,904	$3,347	$4,906
NM	$634	$1,748	$2,258
NV	$1,230	$2,520	
NY	$2,354	$3,400	$3,400
OH**	$2,299	$2,573	$4,379
OK	$945	$1,485	$1,890
OR	$1,688		

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State	Community/Technical Colleges	4-Year State Colleges & Universities	4-Year Research Universities
PA	$2,042	$4,302	$5,872
RI	$1,746	$3,260	$4,928
SC	$1,072	$3,408	$3,669
TN	$1,130	$1,906	$2,090
TX	$808	$2,034	$2,340
UT	$1,429	$1,953	$2,478
VA	$1,385		
VT	$2,472	$3,924	$7,248
WA	$1,584	$2,640	$3,460
WI	$1,925		
WV	$1,348	$2,194	$2,662
WY	$1,301		

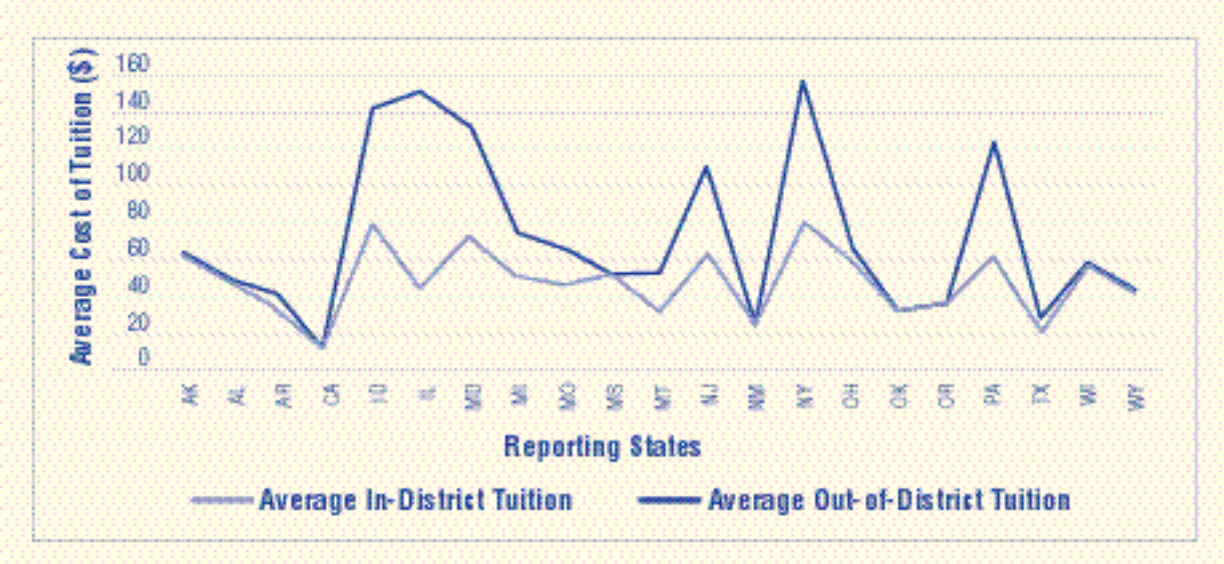
*Technical Colleges/Community Colleges

* *Amounts are simple unweighted average instructional plus general fees calculated by sector for in-state undergraduates enrolled full time.

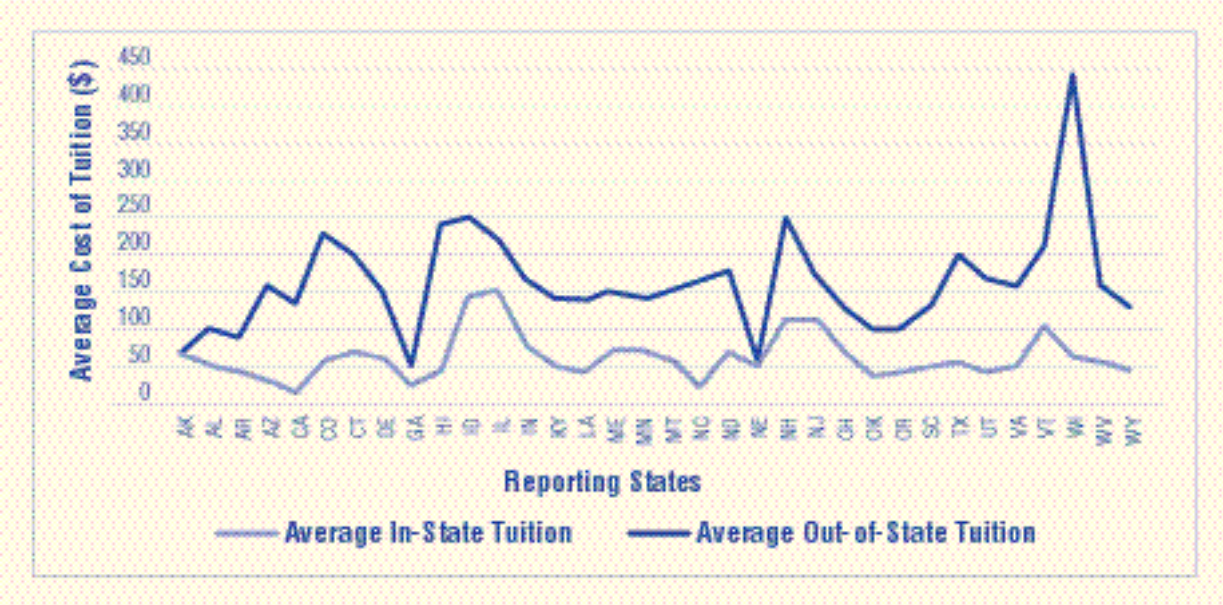
3.8 In- and Out-of-District/State Tuition Rates

The average cost of tuition per credit hour for a full-time community college student also varies within a state and among states, depending on the students'designation.The following two charts illustrate the differences. Chart 1 contrasts the differences in average tuition rates for in-district and out-of-district students, while Chart 2 compares in-state and out-of-state tuition rates.

Chart 1 **Comparison of Average Tuition Costs Between In-District & Out-of-District Students**



Comparison of Average Cost of Tuition Between In-State and Out-of-State Students



Determining a Full-Time Student in the Tuition Schedule 3.9

Determining when a student is considered full time in the tuition schedule also varies from state to state.

- Iowa's and Michigan's respondents noted that the decision is made locally, while Florida's and Wisconsin's respondents said their states have no breakpoint.
- Two states (Ohio and Oregon) consider students as full time if they take 15 or more credits.
- Thirty-two states consider students full time if they take a minimum of 12 credits.Those states are Alaska,Arkansas, California,Colorado,Connecticut, Delaware,Georgia, Hawaii, Kansas, Kentucky, Louisiana, Maine,Maryland, Massachusetts,Mississippi, Missouri,New Jersey, North Dakota, Nevada, New Hampshire,New Mexico, New York, Oklahoma, Pennsylvania,Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, West Virginia and Wyoming.
- Virginia considers any student who enrolls for 12-15 hours as full time.
- Montana and North Carolina students are considered full time if they take a minimum of 14 credits.
- Washington considers students taking 10 credits as full time.
- Idaho considers students taking eight credits as full time.
- Three states (Arizona, Illinois and Nebraska) indicate that designating whether someone is a full-time student or not varies across the district and/or state.

Tuition Overload Policies 3.10

There also is variation among states in deciding at what point, if any, students are charged for taking an overload of credits.

- Sixteen states indicated there is no point in the tuition schedule when students are charged an overload: Arizona, Arkansas, California,Colorado,Connecticut, Florida,Georgia, Hawaii, Michigan,North Carolina, North Dakota, New York, Pennsylvania, Vermont, West Virginia and Wyoming.

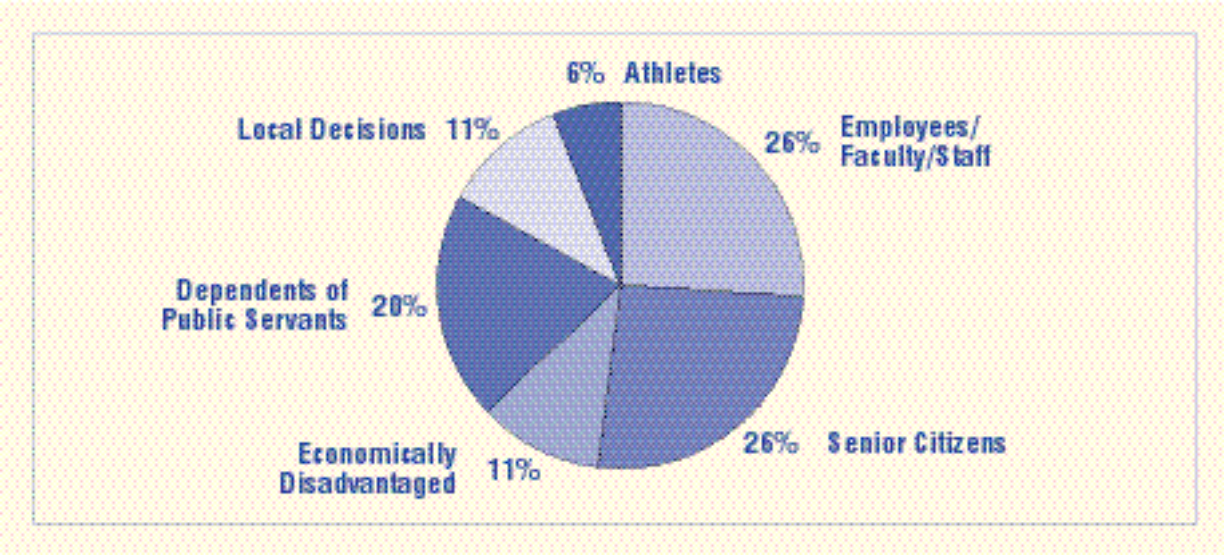
The policy intent behind this design varies. For example,in California the public policy is to keep mandatory fees for admittance into a class as low as possible.Colorado's representative reported that no one group of students subsidizes the cost of another group of students.North Carolina respondents stated that the policy intent was to keep costs low for students,while the representative from New York declared that not implementing an overload charge rewards students for achievement and allows them to complete degree requirements in a shorter time.

- Six states (Illinois, Iowa, Kansas,Louisiana, Ohio and Oregon) noted that overload charges are locally determined or decided upon at individual institutions.
- Three states (Idaho, Montana and Rhode Island) noted that overload charges are implemented at 19 credit hours. Idaho's respondent reported that the policy intent behind the overload charge was to encourage students to enroll in fewer than 19 credits to ensure their success. Furthermore, the overload charge reduces the number of dropped classes.
- Three states (New Mexico, Utah and Washington) assess overload charges at 18 credit hours.
- Missouri implements overload charges at 15 credit hours, while New Hampshire implements charges at 12 credit hours
- Five states (Maine,Maryland,Minnesota, New Jersey and Virginia) report that all students are charged per credit hour, regardless of how many hours they take. Virginia's respondent noted that the policy intent behind this design is to have the majority of students attend part time. In addition,using per-credit-hour rates allows students flexibility to take as few or as many courses as needed.
- Three states (Kansas,New York and North Dakota) reported there is a differential in tuition costs for less-popular afternoon/weekend or summer hours as opposed to classes offered in high-demand, prime-time hours on campus. Respondents from both Kansas and New York noted that the differential varies among institutions. New York's added that the differential is generally applied to part-time study during off-peak times and that it is an effective method of increasing enrollment during these periods.North Dakota's representative also reported that the differential is minimal and is limited to summer courses.

3.11 Tuition Waivers

State representatives also reported on how and when tuition and/or fee waivers are used.Chart 3 depicts the groups of students that states report as being most often eligible to receive tuition and/or fee waivers.

Chart 3 **Student Groups That Are Most Often Eligible to Receive Student Tuition and Fee Waivers**



STATE SUPPORT FOR SPECIAL PROGRAMS

In Spring 1998, ECS surveyed governors regarding their perceptions of how higher education should be transformed to meet their state's needs in the 21st century. In considering the varied functions of higher education, 86% of the governors rated providing job training and employment skills as a very important or important function.When considering what changes postsecondary institutions must make to meet the needs of students in the future, 97% reported encouraging lifelong learning as very important or important.Eighty-three percent rated allowing students to receive their education any time and any place via technology as very important or important.The governors were less persuaded that providing basic skills and remediation in higher education is a high priority, with only 54% rating it as very important or important.

Community colleges are well-situated to respond to these political priorities and have long been recognized for their ability to meet emerging community needs.Reflective of their diverse origins,the mission of community colleges in each state varies somewhat across the nation.Nonetheless, there are five widely accepted functions that are generally recognized as the mission of the community college.They include providing the following:

- The first two years of a baccalaureate education in preparation for transfer to a four-year college or university
- Occupational certificate or degree programs to prepare students for employment
- Remediation or developmental education courses that prepare students for college-level work
- Training for business and industry
- Community service and support for lifelong learning.

As part of this study on how states fund their community colleges, the Center for Community College Policy asked states about the funding mechanisms used to support the varied programmatic missions of the community college, including noncredit programs, workforce development, remediation,adult basic education and distance education. With the growing interest in K-16 initiatives to create more seamless transitions between K-12 and higher education, the survey also asked questions about the funding of dual and concurrent enrollment programs,an area of increased policymaker interest.

The following policy questions are representative of the issues that should be considered regarding appropriate state investments in these special programs.

Policy Questions for Consideration:

- If an educated citizenry is the goal, how can a state change established funding mechanisms based on the full-time enrollment of traditional-aged students to mechanisms that encourage participation in lifelong learning?
- What is the appropriate role for states in providing state support for workforce development?
- How can a state use its funding leverage to encourage greater cooperation and more seamless transitions between K-12 and community colleges?
- As states direct more remediation/developmental education activities away from four-year colleges and universities to community colleges, is adequate financial support being provided to accomplish the work?
- As technology increasingly makes traditional notions of educational service areas irrelevant, what are the issues to be considered when deciding how to fund distance education?

4.1 Noncredit Courses and Programs

It has been estimated that more than five million Americans participate in noncredit courses and programs at community colleges across the country. Despite the popularity of such programs, states vary widely in their approach to funding such programs.

When asked if noncredit enrollments generate any state support, 46% of survey respondents (21 states) answered "yes" and 54% (25 states) responded "no."

The survey also sought to identify the type of state support available for different types of noncredit programs,including noncredit certificate programs, customized training courses for business and industry, and noncredit lifelong learning courses.Their comments appear in Table 18.

Table **18** **State Support for Noncredit Programs, Customized Training and Lifelong Learning**

State	Noncredit Certificate Programs	Customized Training for Business and Industry	Noncredit Lifelong Learning Courses
AR	Dollars per contract hour	Dollars per contract hour	Dollars per contract hour
CA	General State Fund - funded at around 2,100 per FTE	CalWORKs Welfare Training (State General Fund supported)	Limited to basic skills, citizenship and short-term vocational education
CO	None	General fund dollars transferred from the Colorado Office of Economic Development	None
CT	Programs are self-supporting - state and federal grants may be available	Programs are self-supporting - state and federal grants may be available	Programs are self-supporting - state and federal grants may be available
FL	Funded through a college's base operating dollars for workforce development program		
HI	Noncredit programs partially subsidized with state general funds	Noncredit programs partially subsidized with state general funds	Noncredit programs partially subsidized with state general funds
IL	None	Workforce preparation/business and industry grant	None
MD	State General Funds	None	State General Funds
MI	Contact and credit hours included in formula	Contact and credit hours included in formula	Personal interest courses NOT included in formula
MN	None	Special legislature	Funds from nondetermined source
MO	[Supported by] third-party tuition but not state [support]	Some 100% reimbursement of costs, depending on provision	
MS		Support on a project-by-project basis	Self-generating, tuition supports cost
NC	State support of $3,485 per student FTE	$6.2 million in state support allocated on a project-by-project basis	Basic skills fully funded with state and federal funds. Personal interest courses are self-supported by student fees
ND	Fees for service	State general fund support, business and community contributions, fees for service	Fees for service
NE	If they considered reimbursable, they are counted in the regular formula	If they are considered reimbursable, they are counted in the regular formula	
NH		Training Challenge Grant	
NJ	Included in funding formula	Included in funding formula	Included in funding formula
NM		In-plant training funds from economic development if applied for and applicable	

Continued on next page

State	Noncredit Certificate Programs	Customized Training for Business and Industry	Noncredit Lifelong Learning Courses
NY		State budget includes a separate $2 million line-item appropriation for community college training programs for business.	
OH	In the operating budget, the Jobs Challenge line item provides $8.7 million in FY 2000 to promote campus services to business and industry, including noncredit instruction and customized training. The Instructional Subsidy formula also contains a component that rewards campuses for noncredit expenditures. In addition, the capital budget provides $6.3 million, awarded on a competitive basis, to assist campuses to meet their capital needs for noncredit training services.		
OK	Tuition	Regular funding for credit FTE and tuition	Tuition
OR	Where these generate FTE @ 1FTE = 510 contact hours, they are funded equally with other courses through the funding formula	Where these generate FTE @ 1FTE = 510 contact hours, they are funded equally with other courses through the funding formula	Where these generate FTE @ 1FTE = 510 contact hours, they are funded equally with other courses through the funding formula
PA		Workforce development, noncredit courses receive 70% of the FTE funding. Public safety courses receive full funding. Vocational, recreational courses receive no state funding	
RI	Primarily self-supporting	Primarily self-supporting	Primarily self-supporting
SC	By state funding formula	State appropriations	
UT	ATCSR [Applied Technology Center Service Regions] dollars	Custom-Fit Dollars [from the state]	Short-term intensive training dollars [from the state]
VA	Stated goal is for the state to provide 30% general fund support; not fully funded at this point	Stated goal is for the state to provide 30% general fund support; not fully funded at this point	None
WA	State general fund, tuition	Contract dollars	Student fees
WI	General aid	Separate funding	General aid, if not a vocational (hobby) courses

Workforce Development

4.2

A traditional part of the community college mission, workforce development at two-year colleges is the fastest-growing area of college services in many states.Many state policymakers are struggling, however, with deciding the appropriate balance between using state dollars as a tool to encourage economic development and subsidizing what should be a private-sector responsibility.

In the area of workforce development, state respondents were asked to identify which of three types of revenue sources are used to fund workforce development activities in their states.The sources are: (1) specific funds dedicated to workforce development activities included as part of the state appropriation to community colleges; (2) other state funding sources for which community colleges can apply to support these activities; and (3) nonstate funding sources for which community colleges also may apply.

The majority of public funding sources that were not part of the direct community college appropriation came from other state agencies or departments.These included state departments of labor, vocational education, economic development, commerce and human resources.

Sources of nonstate funding included federal sources such as Perkins funds and dollars from the Workforce Investment Act, Title III and Adult Basic Education. Public sources from local communities and counties also were mentioned,as well as private sources such as foundations.

The data in Table 19 report on the state and nonstate sources used to fund workforce development activities.Analysis of the data showed the following:

- Nineteen states receive support for workforce development in dedicated specific funds as part of the community colleges'appropriation.Those states include California,Delaware,Florida, Georgia, Hawaii,Illinois,Kansas, Maine, Mississippi,Missouri, Nevada,New York, North Carolina,Ohio, Oregon, Pennsylvania, South Carolina, Washington and Wisconsin.
- Thirty-two states indicated that community colleges have access to other state funding sources to support workforce development activities.These states are Alaska,Arkansas, California,Connecticut, Florida,Georgia, Hawaii, Idaho, Illinois,Iowa, Kansas, Kentucky, Louisiana,Maine, Maryland, Massachusetts,Michigan, Missouri,Nebraska, Nevada, New Jersey, New Mexico, New York,North Carolina, Ohio, Oregon, Pennsylvania,Rhode Island, Utah, Washington, West Virginia and Wyoming.
- Thirty-one states note they have other nonstate funding sources (e.g.,local, regional,private, federal) available for community colleges to support workforce development activities.Those states are Alabama,Alaska,Arizona, California,Colorado, Connecticut,Georgia, Hawaii, Illinois, Iowa, Kentucky, Louisiana,Maine, Maryland, Massachusetts,Michigan, Mississippi,Missouri, Nevada,New Jersey, New Mexico, New York, North Carolina,Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Washington, West Virginia and Wyoming.
- Thirteen states (California, Georgia, Hawaii, Illinois,Maine,Missouri, Nevada, New York, North Carolina,Ohio, Oregon, Pennsylvania and Washington) report using all three types of funding.
- Twelve states (Alaska, Connecticut,Iowa, Kentucky, Louisiana, Maryland, Massachusetts,Michigan, New Jersey, New Mexico, West Virginia and Wyoming, report their community college systems have access to other state funds beyond their own appropriation, plus other nonstate funds.They receive no dedicated state appropriation to support workforce development.
- Alabama,Arizona, Colorado and Tennessee indicate they have only nonstate funds available to community colleges to support workforce development.
- Indiana's and Montana's community college systems report having no access to state or nonstate funding to support workforce development.

Survey respondents identified five current and emerging workforce development issues, which are listed below with the states that identified each issue.Some state representatives identified multiple issues:

- Adequate funding — Idaho,Kentucky, Massachusetts,Michigan, Minnesota, Missouri, New York,North Carolina, Pennsylvania and West Virginia
- Workforce Investment Act — Alabama,Alaska, Delaware, Georgia,Iowa,Maryland, Nebraska, New Jersey, New York and Oregon
- Worker shortage (all employment areas) — Colorado, Connecticut, Illinois, Pennsylvania, Utah, Washington, Wisconsin and Wyoming
- Coordination/collaboration — Kentucky, Louisiana, Ohio, Tennessee and Virginia
- Technology (e.g.,access, capacity, faculty, available jobs) — Delaware, Hawaii, Mississippi, Texas and Washington

Sources of Funding for Workforce Development

State	1. State Funds – Part of Community College Appropriation	2. State Funds – From Other State Agencies	3. Nonstate Funds
AK	No	Yes	Yes
AL	No	No	Yes
AR	No	Yes	No
AZ	No	No	Yes
CA	Yes	Yes	Yes
CO	No	No	Yes
CT	No	Yes	Yes
DE	Yes	No	No
FL	Yes	Yes	No
GA	Yes	Yes	Yes
HI	Yes	Yes	Yes
IA	No	Yes	Yes
ID	No	Yes	No
IL	Yes	Yes	Yes
IN	No	No	No
KS	Yes	Yes	No
KY	No	Yes	Yes
LA	No	Yes	Yes
MA	No	Yes	Yes
MD	No	Yes	Yes
ME	Yes	Yes	Yes
MI	No	Yes	Yes
MO	Yes	Yes	Yes
MS	Yes	No	Yes
MT	No	No	No
NC	Yes	Yes	Yes
NE	No	Yes	No
NJ	No	Yes	Yes
NM	No	Yes	Yes
NV	Yes	Yes	Yes
NY	Yes	Yes	Yes
OH	Yes	Yes	Yes
OR	Yes	Yes	Yes
PA	Yes	Yes	Yes
RI	No	Yes	No
SC	Yes	No	Yes
TN	No	No	Yes
UT	No	Yes	No
WA	Yes	Yes	Yes
WI	Yes	No	No
WV	No	Yes	Yes
WY	No	Yes	Yes

4.3 Dual/Concurrent Enrollment

Education scholars suggest the United States has one of the most disconnected education systems in the world. Unlike most nations, this nation does not have a centralized ministry of education with the mandate to set national education standards and curriculum. Instead, the nation always has prided itself on its traditions of local education control to meet local needs.As a result,however, K-12 and higher education systems across the nation have developed with different systems of governance and little coordination between sectors.

With increasing evidence of significant disconnects between the skills of students who graduate from high school and the preparation that colleges and universities require to succeed in college-level work, state policymakers increasingly are pushing for mechanisms to create more educational opportunities that better prepare high school students for higher education. One type of postsecondary enrollment program that is gaining significant popularity and attention is dual/concurrent enrollment.This type of program allows high school students to enroll in college-level courses while still in high school.

Such programs raise a number of policy issues.If a student is enrolled both in high school and college,which education sector collects state support for the student? Since a K-12 education generally is provided without cost to the student, should college courses provided to a high school student also be provided at no cost? To answer some of these funding questions,state respondents whose states have dual enrollment programs were asked to identify the funding mechanisms used to support them.

Of 48 respondents, analysis of the survey data indicated the following:

- Thirty-one states report that dual/concurrent enrollment of K-12 students does generate state support to the community college offering the course.Those states are Arizona,Arkansas,California, Colorado, Hawaii, Illinois, Kansas,Kentucky, Maryland, Michigan, Minnesota,Mississippi,Missouri, Nebraska, Nevada, New Mexico,New York,North Carolina,North Dakota, Ohio, Oklahoma,Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin and Wyoming.
- In 19 of those 31 states (Arizona,California, Colorado, Illinois,Michigan, Nebraska, Nevada, New Mexico, New York,North Carolina,North Dakota, Ohio, Oregon, Pennsylvania, Tennessee, Texas,Utah, Virginia and West Virginia),dual/concurrent enrollment students are funded in the same manner as any other community college student.
- The respondent from one state (Minnesota) reported that dual/concurrent enrollment students are funded at half the rate of traditional students.
- Three states (Hawaii, Wisconsin and Wyoming) indicated that though dual/concurrent enrollment students do generate state funding,traditionally, other state program funds are used. For example, in Hawaii, funds from the Career Opportunities Program, which provides training opportunities to high school students, are used.
- Twenty-five states indicated that school districts keep the full state aid for each concurrently enrolled student. Those states are Alabama,Alaska,Arizona,Arkansas, California,Georgia, Hawaii, Idaho, Illinois,Iowa, Kansas, Michigan, Mississippi,Nebraska, Nevada, New Mexico, New York,North Carolina,Oregon, Pennsylvania,South Carolina, Tennessee, Utah, West Virginia and Wyoming.
- Six states (Colorado, Kentucky, Missouri, Ohio, Washington and Wisconsin) do not collect full state aid for dually enrolled high school students.
- Twenty-five states responded that concurrently enrolled students are charged tuition.Those states are: Alabama, Alaska,Colorado, Connecticut,Delaware,Georgia, Hawaii, Idaho,Kansas, Maryland,Massachusetts, Michigan, Mississippi,Missouri,Nebraska,Nevada, New Mexico,New York,Ohio, Pennsylvania,South Carolina, Tennessee, Utah, West Virginia and Wisconsin.
- Respondents from five states (Arizona,Arkansas, California,North Carolina and Washington) note that students are not charged tuition.
- Illinois, Kentucky and Wyoming respondents reported both “yes and no” for whether concurrently enrolled students are charged tuition.

Table 20 presents a state-by-state breakdown on funding policies for dual enrollment.

Dual/Concurrent Enrollment

State	Generate Support	Level of Support and Source	Keep Full State Aid	Charged Tuition	Party Paying Tuition
AK	No	N/A	Yes	Yes	N/A
AL	No	N/A	Yes	Yes	Varies
AR	Yes	If Perkins federal requirements are met	Yes	No	N/A
AZ	Yes	All FTEs are funded at the same level. "An FTE is an FTE."	Yes	No	N/A
CA	Yes	Student instructional hours are counted like other community college students toward Full-Time Equivalent Students (FTES)	Yes	No	Students are subject to paying an enrollment fee, but state law authorizes a permissive waiver
CO	Yes	Dual/concurrent enrollment students are treated like any other — 30 credit hours = 1 FTE. Each resident FTE is equivalent to an amount of general fund support by the state. Any increase or decrease in FTE is multiplied by the support amount to determine the extent of new money for enrollment each fiscal year	No	Yes	Either school district or student — depending on district agreements
CT	No	N/A	N/A	Yes	The community colleges operate a High School Partnership Program to allow high school students who maintain at least a B average to take up to two courses per semester. While no specific state support is provided for this program, colleges annually waive approximately $160,000 in tuition and fee charges.
DE	No	N/A	N/A	Yes	The high school or the student.
FL	No	N/A	N/A	N/A	N/A
GA	No	N/A	Yes	Yes	It varies. Sometimes HOPE, school, students, Postsecondary Option (this is a specific appropriated fund from the Georgia Department of Education – secondary education).
HI	Yes	The Career Opportunities Program (COP) provides training opportunities to high school students. Approximately $300,000 is appropriated for the COP program per year. The State Department of Education contracts with the Employment Training Center to administer the program.	Yes	Yes	Students
IA	No	Enrollment does not drive state support. Enrollment drives a small portion of the distribution of state general aid funds to individual community colleges in the state.	Yes	N/A	Usually the delivery is through a contractual agreement with the school district; the student does not pay in these instances. If the student enrolls independent of a contractual agreement, he/she usually pays.

Continued on next page

State	Generate Support	Level of Support and Source	Keep Full State Aid	Charged Tuition	Party Paying Tuition
ID	No	N/A	Yes	Yes	Student
IL	Yes	Students enrolled in dual-credit courses generate credit hour enrollment data that is used in the calculation of funding for the community college system. Dual-credit-hour enrollments are treated the same as regular enrollments. Generated credit hours from fundable courses are used in a funding formula that uses the higher of the actual credit hours or a three-year average.	Yes	Both - local decision	N/A
IN	No	N/A	N/A	N/A	N/A
KS	Yes	Dollar amount not available	Yes	Yes	The student or other sources, not the school district
KY	Yes	Tuition and fees of the student taking courses. Example: High school seniors might enroll to take freshman English.	No	Yes and No	Community Colleges – student
MA	No	N/A	N/A	Yes	State allocation (very limited, however; $1.2 million for all of higher education)
MD	Yes	A college may admit, and waive tuition and fees for dual enrollment students. Dual enrollment students may enroll in programs or other college-level credit or noncredit courses as determined individually by appropriate college and school officials. Students must be 16 or older.		Yes - institutional discretion	Student
ME	No	N/A	N/A	N/A	N/A
MI	Yes	Indirect support to the extent that the contact and credit hours generated by dually enrolled K-12 students are included in the formula	Yes	Yes	The K-12 district pays the tuition out of their state aid.
MN	Yes	1 FYE = .5 FYE for state formula purposes			
MO	Yes	N/A	No	Yes	Parents [students]
MS	Yes		Yes	Yes	Student
MT	No	N/A	N/A	N/A	N/A
NC	Yes	FTE generated by high school students generates the same level of funding	Yes	No	N/A
ND	Yes	Only to the extent that it generates additional FTE. Students and the state fully fund enrollment driven formulas — this has not happened routinely for some time.			
NE	Yes	Students taking a dual-credit course are counted as aid-generating students the same as on-campus students.	Yes	Yes	Students

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State	Generate Support	Level of Support and Source	Keep Full State Aid	Charged Tuition	Party Paying Tuition
NH	No	N/A			
NJ	No	N/A	N/A	N/A	N/A
NM	Yes	Add to the total FTE when applied to the formula	Yes	Yes - in some cases	About 1/3 of institutions waive or pay tuition; about 1/3 of public schools pay tuition; and about 1/3 of students pay tuition.
NV	Yes	Through formula funding, the eligible credit hours are included for instructional and support services funding.	Yes	Yes	Student
NY	Yes	High school students taking community college courses for credit are included in the FTE calculation, which is eligible for state aid.	Yes	Yes	Student
OH	Yes	Through the state's Post-Secondary Educational Opportunity Program, high school students may enroll at a state college or university for credit. Generally, these students earn the same subsidy as any other student, and the students' school district is charged an amount, which is transferred to the institution of higher education as an offset for tuition.	No	Yes	Student (if taking the course for college credit only)
OK	Yes	N/A			
OR	Yes	Dual credit FTE calculated at 510 contact hours = 1 FTE and funded through the funding formula	Yes	Locally determined by each college	Student
PA	Yes	Regular FTE rate; state general fund	Yes	Yes	Depends on the school district's policy
RI	No	N/A	N/A	N/A	N/A
SC	Yes		Yes	Yes	Student
TN	Yes	Generating enrollment FTE for funding formula.	Yes	Yes	Students, or at times, school districts
TX	Yes	Concurrent courses are funded based on specific costs as are all other courses.			
UT	Yes	Concurrent enrollment on college campuses or via technology get the same state support as other college courses.	Yes	In some situations	Sometimes student, sometimes school district
VA	Yes	Dual enrollments are counted as all other FTE credit students and funded accordingly.			
VT	No	N/A			
WA	No	N/A	No	No	N/A

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State	Generate Support	Level of Support and Source	Keep Full State Aid	Charged Tuition	Party Paying Tuition
WI	Yes	State support is indirect in that, for dual enrollment under the state's Youth Options Program, the school district in which the student is enrolled must provide the enrolling technical college district with a payment equal to tuition and fees if the high school student is being granted high school credit as well as technical college credit. Enrollment of high school students in technical college under most other statutory authorities (compulsory education, contracting, Youth Apprenticeship) is usually funded by the student's school district through a contract with the enrolling technical college	No	Yes	School district if student is receiving high school credit. Student if only enrolled for postsecondary credit
WV	Yes	Generates FTE	Yes	Yes	Varies - the student, the school
WY	Yes	Does not "generate" state funding, but colleges may use state funding in programs. FTE is most under new model	Yes	Yes and No	Depending on the school district – school district, BOCES, student

4.4 Remedial/Developmental Education

The need for remedial/developmental education in higher education continues to grow across the country. Many legislatures and state higher education authorities are struggling with questions of who should provide developmental education and how it should be funded. Policymakers in Arizona, New Mexico, South Carolina and Virginia, as well as other states, have directed that developmental classes at four-year universities must be limited or self-supporting.State officials encourage students who require such classes to first attend community colleges to gain the reading, writing and math skills necessary for college-level work.

If community colleges are to assume an even greater responsibility for such courses, states policymakers must develop consistent funding mechanisms that allow colleges to provide these labor-intensive but important courses. Results from the survey suggest such issues have yet to be resolved in many states.

Respondents were asked how remedial/development education was funded in their respective states. Many reported that their states use a combination of funding support (see Table 21).

Table **21** Methods of Funding Remedial/Developmental Education

Type of Support	States Using That Support
General State Funds	AR, CA, GA, ME, MS, UT, VA, WI
Same Type of Support as Other FTE	AK, AL, AR, AZ, CO, DE, FL, GA, IN, KS, LA, MD, MI, MO, MS, MT, NC, NE, NM, NY, PA, OH, OR, SC, WA, WV
Funding Formula	GA, IL, MA, MD, MI, ND, NJ, NV, TN, TX

Further analysis suggests the following:

- Eight states report remedial courses are funded from general funds.They are: Arkansas,California, Georgia, Maine, Mississippi,Utah, Virginia and Wisconsin.
- Twenty-six states fund remedial/developmental courses in the same way as other credit-generating community college courses,although the levels at which they are funded may be different.Those states are: Alaska,Alabama, Arkansas,Arizona,Colorado, Delaware, Florida,Georgia, Indiana,Kansas, Louisiana,Maryland, Michigan, Mississippi, Missouri,Montana, Nebraska,New Mexico,North Carolina, New York, Pennsylvania,Ohio, Oregon, South Carolina, Washington and West Virginia.
- Ten states fund remedial/developmental courses through mechanisms within the state funding formula.These courses may or may not generate the same funding as regular community college courses. States include: Georgia, Illinois, Massachusetts,Maryland, Michigan, New Jersey, North Dakota,Nevada, Tennessee and Texas.
- Seven states at least partly fund remedial/developmental education through some form of grants.Illinois uses a combination of formula and grants.Maine combines general funds and grants.Remedial/developmental education funding in Connecticut and Wyoming comes in the form of block grants.Alaska, Hawaii and Idaho fund remedial/developmental education through Adult Basic Education grants.Hawaii particularly noted that its grants come through the Hawaii State Department of Education.

Respondents were asked if remedial/developmental courses generate the same level of state support in the funding formula as regular credit courses,and if not, how it differed.

- Respondents from the following 17 states responded that the level of support for remedial courses in the funding formula is the same as that for regular credit courses: Alabama,Alaska,Arizona, Colorado, Delaware, Florida, Indiana, Kansas, Louisiana,Maryland,Michigan, Mississippi, Montana,Nebraska, North Carolina, Pennsylvania and Texas.
- Respondents from 10 states reported their states do not fund remedial/developmental courses at the same level as regular credit courses.These states and the explanations of the differences are presented in Table 22.

Table

Difference in Funding for Remedial/Developmental Education

22

State	Difference in Funding
AR	Weighted at two times general education funding.
CA	For credit, but not degree applicable, courses are funded at the same level as other credit instruction; noncredit (ESL/Basic Skills) instruction funded at half the level of what credit is funded.
GA	The weight for developmental courses is significantly lower than the weights for other program costs.
HI	Remedial courses at ABE [Adult Basic Education] level must be either paid for by state department of education or student tuition. Developmental courses are part of community colleges budget.
IL	The remedial/development courses do not generate the same level of state support in the funding formula as regular credit courses. The funding amount for the base-operating grant is broken into six funding categories. Each funding category has a different funding rate. The funding categories are Baccalaureate, Business, Technical, Health, Remedial and ABE/ASE.
MA	Weighted at 1.5.
NJ	Remedial courses get higher weight in funding formula, but this is being phased out.
NM	They are separate funding cluster[s] in the formula. They generate more than some funding clusters and less than others.
NV	Generates more funding than nonremedial.
WY	FTE, whatever the source, is not a driver in the budget model.

4.5 Adult Basic Education

A closely related issue to the financing of developmental/remedial education is the funding of Adult Basic Education (ABE).Historically, most states have operated their ABE programs under the auspices of state K-12 systems.But with the increasing number of older community college students who require remediation or English as a Second Language or who have come to the community colleges for job training related to state welfare reform requirements,teaching ABE or basic skills training has become a common program at community colleges.In the 2000 legislative session, Illinois'legislature moved state ABE programs out from under the State Department of Education to the Illinios Community College Board. Other states are considering similar policy changes.

Survey respondents were asked how adult basic education is funded in their states. Six primary sources were identified and are reflected in Chart 4.

Chart 4 **Funding for Adult Basic Education**

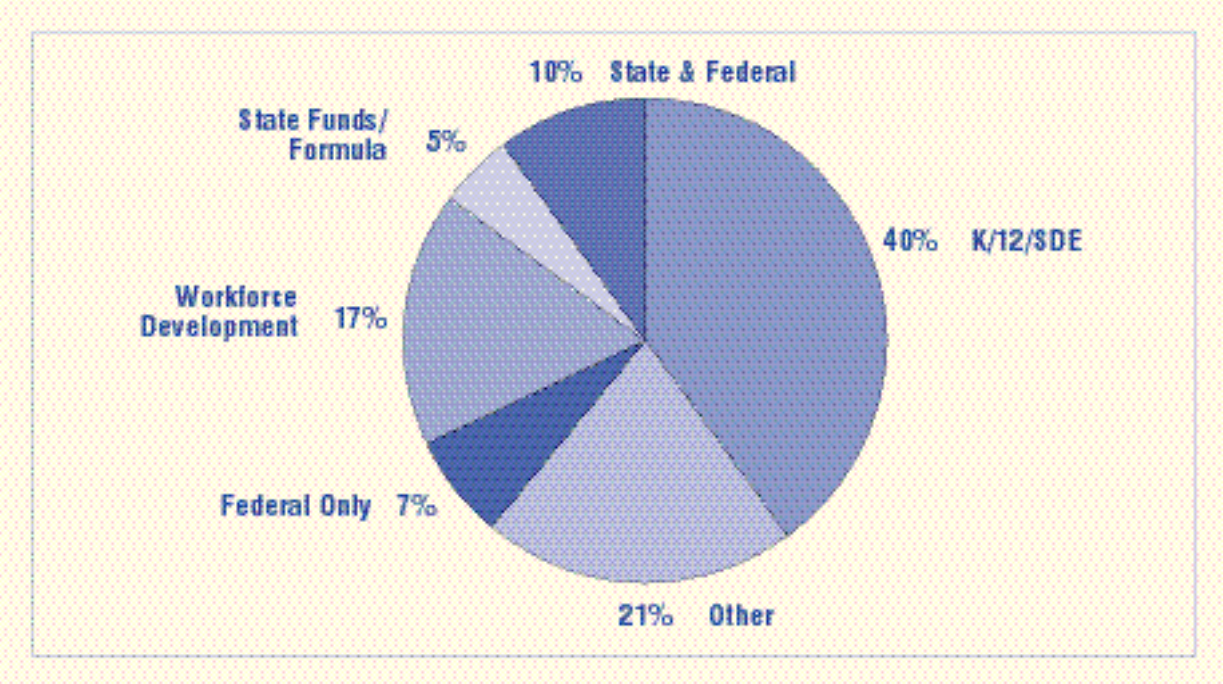

Table 23 reports the detailed responses from each state on how Adult Basic Education is funded.

Funding Sources for Adult Basic Education

State	Response
AK	Grants through Department of Labor.
AL	Through the State Department of Education.
AR	Adult education is funded through the Workforce Education Department.
AZ	All contact hours/640 = 1 FTE (or FTSE). FTEs are funded the same as all other FTEs.
CA	K-12 has primary responsibility, but in some areas of the state, responsibility has been transferred to community college districts by delineation of function. Also, noncredit FTEs [are funded] substantially below credit per-FTEs apportionment.
CO	Adult basic education enrollments are treated like any other — 30 credit hours equals 1 FTE. Each resident FTE is equivalent to an amount of general fund support by the state. Any increase or decrease in FTE is multiplied by the support amount to determine the extent of new money for enrollment each fiscal year.
CT	State Department of Education, not Department of Higher Education.
DE	By allocation from the State Department of Education.
FL	Through funding provided for Workers Development Program.
GA	Adult Literacy Program — includes 37 service delivery areas throughout the state. Promotes and provides adult basic education and literacy programs, including the General Educational Development Testing program which awards GED diplomas.
HI	The State Department of Education is the designated recipient of ABE funds in the state.
IA	Activities are funded through federal Adult Basic Education (BAE) grants.
ID	State and federal funds.
IL	Funded through Federal Adult Education funds and state appropriations. These funds go to all providers — community colleges, regional offices of education and community-based organizations.
IN	Funded through K-12.
KS	The state matches the minimum required by federal law/grant programs.
KY	Separate agency appropriation for Adult Education and Literacy, which contracts for providers.
LA	As regular courses.
MA	Through Department of Education funds — RFP process — no allocation directly to campuses.
MD	Through the general funding formula.
ME	Through secondary school funding mechanisms.
MI	Adult education primarily is funded through the K-12 system via a categorical line item totaling $80 million this year. An additional $12 million in federal funds are available, of which most goes to the K-12 system to supplement their regular operations.
MO	Contact hour reimbursement through Department of Education's Adult Education Division.
MS	Adult Basic Education is funded primarily through federal funds; however, to a lesser degree, state funds also are appropriated.
MT	Community college districts can assess a local levy for adult basic education.
NC	Formula — FTE and incentives: (1) FTE, (2) GED certificates, (3) adult high school diplomas, (4) population to be served, (5) population served.
NE	As part of the formula.
NM	Through a separate formula as part of funding allocated in the public school budget (though 95% goes to the community colleges) and through federal funds distributed through competitive application.
NV	Fees.
NY	Funded the same as remedial/developmental education.
OH	The state receives federal dollars to be used to benefit persons 16 years of age or older who have completed eight years of schooling and are not enrolled in an instructional program. The monies support programs aimed at developing basic learning skills in these individuals and enhancing their future employment opportunities.
OR	Federal and state funds.
PA	Federal funds and state adult literacy funds are distributed by the State Department of Education; community colleges are included as institutions that receive these funds.
SC	Same as other courses.
TN	Through State Department of Education and local K-12 schools.

Continued on next page

State	Response
TX	Some funding is through public education (K-12), averaging about $80/year/student. Most costs [are absorbed] by community colleges [that] serve adult students.
UT	K-12 system.
VA	Through State Department of Education to localities. Not typically a community college function unless contracted through the local school boards.
WA	Just like college level education — no tuition support.
WI	Adult Ed Act, general aid, local funds.
WV	Through the State Department of Education, but not through higher education.
WY	Partly through state block grants to the colleges and partly through the commission's federal appropriation.

4.6 Distance Education

Technology has revolutionized many aspects of education.According to John Seely Brown, chief scientist of the Xerox Corporation and director of the Palo Alto Research Center, no one fully understands the tremendous force the Internet will foster in transforming and creating new learning environments (Change, p. 13). Policymakers, however, are pressing colleges and universities to respond to these evolving opportunities,urging them to make educational offerings available to students free from the constraints of time or place via distance education technology. Governors from 19 states have joined together in investing millions of public dollars to establish the Western Governors University to provide their citizens with online opportunities for education.

Funding distance-learning offerings at community colleges raises a host of policy questions because traditional funding formulae typically distinguish between students based on physical boundaries (e.g., by state or district resident status). In this survey, respondents were asked to report how their states assess tuition for distance education courses, and whether these courses generate the same FTE and level of state support as courses offered in a more traditional format.

Regarding different tuition rates, distance education courses and on-campus courses for in-state students, respondents reported the following:

- Respondents from 31 states said there is no difference between the tuition rate charged for distance education and the rate charged for on-campus courses for in-state students.These states are Alabama,Alaska,Arkansas, California, Connecticut,Delaware,Florida, Georgia, Hawaii, Idaho,Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts,Mississippi, Nebraska, Nevada,New York, North Carolina, Ohio,Oregon,South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and Wyoming.
- Nine states (Georgia,Iowa, Illinois,Kansas, Maryland,Missouri, Montana,New Mexico and Pennsylvania) report the issue is generally a matter of local control.
- Ten states indicate there is a difference in the tuition rates for the two types of courses.Those states are: Arizona, Colorado, Kansas, Maryland,Michigan, Montana,New Jersey, New Mexico, Pennsylvania and West Virginia.

  Eight of these states offered some explanation:

  - Kansas — Local boards may choose to do so (i.e., charge different tuition rates).
  - Maryland — It depends on the institution, but generally distance education courses cost more.
  - Michigan — The state's 29 public community colleges are members of the Michigan Community College Virtual Learning Collaborative.The collaborative is designed to allow community college students to take courses from other member colleges while still receiving support services and maintaining their academic record at their designated home college.The collaborative established the following tuition structure: (1) in-district — $90/credit; (2) out-of-district — $130/credit; (3) out-of-state — $170/credit.
  - Montana — Each community college can assess specific course fees based on additional costs incurred.
  - New Jersey — New Jersey recently established the New Jersey Virtual Community College Consortium.All of the colleges joined the consortium and agreed to charge same tuition/fees for online courses — $80/credit for 2000-01.

- New Mexico — This varies by institution, but the state had been assessing a 150% tuition credit rate to institutions and an FTE reimbursement of "1" only if offered "out-of-service area." Institutions may assess differential tuition and fees to cover losses.
- Pennsylvania — Same rate for sponsored students.The tuition rate for nonsponsored students is a matter of local control. Some colleges charge double tuition for nonsponsored students, and others charge the same as the rate for sponsored students.
- West Virginia — Some charge an electronic fee.

Survey respondents also were asked whether their states have policies requiring that nonresident students enrolling via distance education be charged out-of-state tuition.

- Twenty-nine states charge out-of-state tuition to nonresident community college students.They are: Arizona, California, Delaware, Florida,Hawaii,Idaho, Indiana, Kansas,Kentucky, Louisiana, Maine,Maryland, Massachusetts,Michigan, Mississippi, Missouri,Montana, Nebraska,New Mexico,New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia and Wyoming.
- Three states (Illinois, Iowa and Kansas) indicated the decision to charge out-of-state tuition was a local one.
- Sixteen states do not charge out-of-state tuition to nonresident community college students.They are: Alabama, Alaska,Arkansas, Colorado,Connecticut, Georgia,Minnesota, Nevada,New Hampshire,New Jersey, North Dakota, Oklahoma,Utah, Vermont, Washington and Wisconsin.

  In addition, respondents from nine of the 16 offered the following comments:

  - Colorado — A standard rate of $115 per credit hour is assessed to any student, resident or nonresident,taking a class via distance learning.
  - Connecticut — Regular in-state rates are used.
  - Georgia — Same as other courses.
  - Minnesota — All distance education tuition rates are market driven.
  - North Dakota — Moving away from this standard in near future.
  - Oklahoma — Resident tuition plus off-campus supplemental fee.
  - Utah — Same as in-state.
  - Washington — Most colleges wave nonresident tuition.
  - Wisconsin — Out-of-state tuition for distance education courses may be reduced to as low as in-state tuition for all out-of-state enrollees if the Wisconsin Technical College System (WTCS) district seeks a waiver from the state director. Because of the huge differential between in-state and out-of-state rates, the WTCS expects out-of-state students for distance education courses to be charged at a fee slightly above in-state rates.

Respondents also were asked whether distance-education students generated the same FTE and state support as on-campus students,and what the difference was if they did not.Initial analysis of the responses showed the following:

- Respondents from 31 states reported that distance education students generate the same FTE and state support as on-campus community college students.These states are Alabama,Alaska,Arkansas,California, Connecticut, Delaware, Florida,Georgia,Hawaii,Idaho, Indiana,Kentucky, Louisiana,Maine, Massachusetts, Mississippi, Missouri,Nebraska,Nevada,New York,North Carolina,Ohio, Oregon, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and Wyoming.
- New Mexico — Through action in the last legislative session,the tuition credit level of 150% was reduced to 100% so institutions would not lose extra revenue.
- Oregon — Only those students from Washington,Idaho,Nevada and California [generate the same FTE and support].

5 ACCOUNTABILITY

5.1 Performance Measures and Community College Funding

One of the most common state policy trends affecting higher education across the nation is the growing demand from governors and legislators for colleges and universities to be more responsive to state needs. Traditionally, there has been a fundamental gap between policy initiatives and the realities of educational practice.But many state policymakers no longer are satisfied with providing incremental funding increases or using enrollment-driven formulas for public colleges and universities that are not linked to results.

In many states,funding systems are being redesigned to include performance-based funding initiatives.This emphasis on colleges and universities being held accountable to meet state needs reflects a significant change in practice from long-held budgetary practices that were designed around states meeting institutional needs (Albright,1998).

Because it is clear that such changes have the potential to change the nature of state funding patterns for community colleges,the survey instrument included a series of questions about performance indicators and their link to budgets. Respondents were asked whether their states require reporting of specific performance indicators,and whether or not performance on these indicators is linked to budget allocations. If outcomes on specific measures are linked to budget allocations, respondents were asked to report on the percentage of the budget linked,and whether or not the source of money tied to such allocations is from "new money"or funds reallocated from existing budgets.Finally, respondents were asked about the existence of penalties or sanctions for low performance.

Increased emphasis on public accountability for higher education,particularly for community colleges, raises a number of important policy issues that policymakers may consider.

Policy Questions for Consideration:

- Have state policymakers gone beyond the traditional "one-size-fits-all" approach to higher education policy to design appropriate and meaningful performance indicators that reflect the unique mission of community colleges?
- Do a state's performance indicators take into consideration the distinctive differences among institutions (e.g., rural or urban colleges with a heavy technological focus versus one with a tradition of transfer education)?
- Are there meaningful incentives from "new money" sources that encourage and reward colleges for meeting state priorities?

Results from the survey indicate the following:

- Twenty-seven states require community colleges to report on specific performance indicators, including Arizona, California,Colorado,Connecticut, Florida,Idaho, Illinois,Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi,Missouri, New Jersey, North Carolina,Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia and Wyoming.
- In 10 states (Colorado,Florida, Illinois,Louisiana, Missouri,New Jersey, North Carolina,South Carolina,South Dakota and Tennessee) performance on these indicators is directly linked to budget allocations.
- Respondents from an additional four states (California, Massachusetts, New Mexico and Virginia) indicated "not yet." For example, in California,the overall performance of the community colleges on their indicators has an impact on the amount of "Partnership for Excellence" dollars appropriated,although performance on specific indicators is not linked directly to dollars.

Of the states where policymakers have linked performance reporting and funding:

- Seven states are able to draw upon "new money" as a source for performance funding.They are: California, Colorado,Florida, Illinois,Louisiana, Missouri and Tennessee.
- Four states (North Carolina, New Jersey, South Carolina and South Dakota) are required to reallocate existing budgets as a source for these funds.

In response to questions on penalties or sanctions for poor performance on indicators:

- Respondents from 11 states reported varied penalties and/or sanctions as a result of low performance on indicators.Those states are: Alaska, Colorado, Illinois,Louisiana, New Jersey, North Carolina, South Carolina, South Dakota, Tennessee, Virginia and West Virginia. Reported penalties ranged from a 3-5% reduction in the institutional allocation to "increased legislative scrutiny." The representative from another state indicated that such a plan is under consideration.

State community college systems have a wide range of performance indicators reflecting the significant variations in traditional mission, state priorities and legislative concerns found across the states.Respondents from several states indicated that an indicator system is still under development.

Chart 5 summarizes the number of states having the 12 most frequently used performance indicators.

Chart **5**

Twelve Most Common Performance Indicators

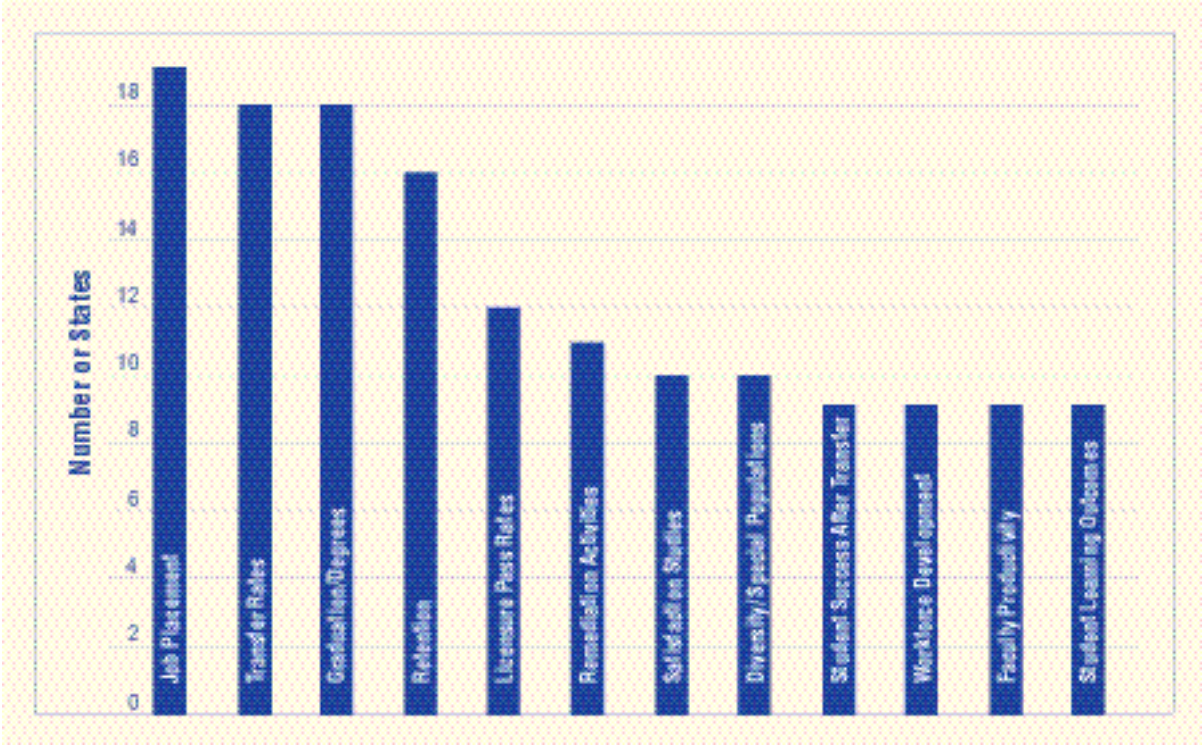

Table 24 summarizes performance indicators as reported by different states.In some cases, related indicators are grouped for purposes of analysis. In other cases, unique indicators specific to one state were not included.

Table

24 Summary of Performance Indicators

Number of States	Indicator	States
17	Job Placement	AZ, DE, FL, ID, IL, LA, MA, MD, MO, MS, NC, OK, SC, TN, VA, WA, WY
16	Transfer Rates	AZ, CA, DE, FL, IL, MA, MD, NJ, OH, OK, SC, TX, UT, VA, WA, WY
16	Graduation Rates, Certificates and Degrees Awarded	CA, CO, CT, DE, FL, ID, LA, MA, MD, MO, NJ, OK, SC, TX, VA, WY
14	Retention/Time to Degree	CA, CO, CT, IL, MA, MD, NC, NJ, OK, TN, TX, VT, VA, WY
11	Licensure Pass Rates	CT, MA, MD, MO, MS, NC, OK, SC, TX, UT, WY
10	Remediation Activities	AZ, CA, CT, MD, NC, OH, OK, TX, WA, WY
9	Follow-up Satisfaction Studies (student and employer)	AZ, IL, LA, MA, MD, NC, SC, TN, WY
9	Diversity/Service to Special Populations	AZ, CO, FL, IL, MA, MD, MO, NJ, TX
8	Student Success after Transfer	AZ, CA, IL, MD, MO, MS, NJ, WY
8	Workforce Development Activities/Service to Business	AZ, CA, CT, IL, MA, NC, OH, SC
8	Faculty Workload, Productivity and Preparation	CO, CT, MD, MS, SC, TX, UT, VA
8	Student Learning Outcomes	AZ, CO, CT, IL, MO, NJ, OK, TN
7	Institutional Efficiency	CO, CT, LA, MA, NJ, SC, VA
7	Community Service	AZ, CT, IL, MA, NJ, SC, WY
6	Noncredit Course Offerings	CT, MA, MD, NJ, OH, SC
5	Access and Affordability	CT, MA, MD, OH, SC
5	Enrollment	DE, ID, MA, ME, NC
4	Fundraising Success	MA, MD, NJ, SC
4	Partnerships with K-12 and Concurrent Enrollment	CT, FL, MA, OH
4	Percent of Local Population Served	AZ, IL, MD, WY
4	Class Size	CO, MS, NJ, SC
3	Financial Aid Awards	AZ, CT, MA
3	Distance Education Activities	CT, LA, MA
2	Occupational Program Participation and Completion	AZ, OH
2	Number of Student Credit Hours	DE, SC
2	Number of Accredited Programs	LA, TN
2	Use of Technology	IL, SC
2	Articulation/collaborative efforts with four-year schools	MA, SC

Note: For a complete list of each state's indicators, please refer to the appendix.

Table 25 reports the state representatives' responses to the following questions:

1. Does your state require reporting of specific performance indicators for community colleges?
2. Is performance on these indicators linked to budget allocations?
3. What percentage of the overall budget is specifically linked to these indicators?
4. From what source is this percentage of funding derived?
5. Are there penalties or sanctions for low performance?
6. What are the penalties or sanctions?

Table 25

Community College Performance Indicators and Their Link to Budget Allocations

State	Are indicators required?	Link with budget	% budget tied to indicators	Source of funding	Are there penalties?	Penalties or Sanctions
AK	No	No			Yes	Potential legislative scrutiny
AL	No					
AR	No					
AZ	Yes	No	100%	Based on "new money" added on top of existing base budget	No	
CA	Yes	No	+/-2.5%	Based on "new money" added on top of existing base budget	No	No — however, a plan is being developed should the system fail to meet its targets.
CO	Yes	Yes	43%	Based on "new money" added on top of existing base budget	Yes	
CT	Yes	No			No	
DE	No	No			No	
FL	Yes	Yes	2% to 5%	Based on "new money" added on top of existing base budget	No	
GA	No					
HI	No					
IA	No					
ID	Yes	No			No	
IL	Yes	Yes	0.5%	Based on "new money" added on top of existing base budget	Yes	Colleges earn incentive system dollars based on high performance, low performance results in reductions of PBIS funding.
IN	No					
KS	No	No				
KY	No	No				
LA	Yes	Yes	None quantifiable at this time.	Based on "new money" added on top of existing base budget	Yes	If performance targets vary by more than +/- 5%, state law allows the legislature to impose appropriate penalties on a case-by-case basis.
MA	Yes	Not yet	2%	Based on "new money" added on top of existing base budget	No	

Continued on next page

State	Are indicators required?	Link with budget	% budget tied to indicators	Source of funding	Are there penalties?	Penalties or Sanctions
MD	Yes	No			No	
ME	Yes	No			N/A	
MI	Yes	No			N/A	
MN	No				N/A	
MO	Yes	Yes	14%	Based on “new money” added on top of existing base budget	No	
MS	Yes	No				
MT	No					
NC	Yes	Yes	2%	Based on colleges "holding back” 2% for carry-forward use	Yes	Colleges must develop an action plan for improvement and submit to state board for monitoring.
ND	No					
NE	No					
NH	No					
NJ	Yes	Yes	1%	Derived from reallocation of existing budgets	Yes	The college loses a portion of the 1% depending on performance.
NM	No, but pending	No, but planned				
NV	No	No				
NY	No					
OH	Yes					
OK	Yes	No				
OR	No					
PA	No					
RI	No					
SC	Yes	Yes	5%	Derived from three sources: 1. one-half of new funds (higher ed appropriation for new year in excess of appropriation for current year) 2. 1.75% of the allocation to the institutions (including current year plus 1/2 of new year) 3. Funds derived from institution within the sector that score in the “Does Not Achieve” or “Substantially Doesn’t Achieve“ catagories.	Yes	Institutions that score in the “Does Not Achieve” and “Substantially Does Not Achieve” categories will receive disincentives of 3% and 5% of their allocation, respectively.
SD	Yes	Yes	38%	Derived from reallocation of existing budgets	Yes	Less allocation through formula based upon number of completers and wage rate of graduates.
TN	Yes	Yes	5.45% over operating budget	Based on “new money” added on top of existing base budget	Yes	Less percentage over operating budget.
TX	Yes	No			No	

Continued on next page

State	Are indicators required?	Link with budget	% budget tied to indicators	Source of funding	Are there penalties?	Penalties or Sanctions
UT	Yes					
VA	Yes	No			Yes	Funding of requests for new capital outlay construction are guided by space utilization data; achievement of management standards is required to be able to carry forward funding from one fiscal year to another; at this point other standards have been published, only without specific sanctions tied to lack of achievement; expectation: performance-based budgeting will be more evident over next biennium.
VT	No					
WA	Yes	No			No	
WI	No					
WV	Yes	No			Yes	Improvement plan must be developed and possible loss of Perkins funding.
WY	Yes	No			No	

CURRENT AND EMERGING ISSUES

While the finance survey was designed to take a snapshot of "what is"in regard to the current state of how states finance their two-year sector, the Center for Community College Policy also was interested in what state officials see coming down the road in terms of emerging policy concerns and issues around finance. From the 50 states surveyed, the data on emerging policy issues reveal five familiar concerns: lack of adequate funding, support for workforce development, concerns about increasing tuition and fees, the high costs of technology/distance learning,and coping with enrollment growth.

The following themes are ordered according to the number of times survey respondents identified the issue as an emerging concern.

Adequate Funding

The most serious issues facing community colleges across the nation, according to the respondents from two-year college systems, deal with the dual challenges of increasing state and local financial support for community colleges and improving the methods by which colleges are funded.

- Respondents in Michigan, Tennessee, Rhode Island and Texas report that efforts to increase funding levels are ongoing.Because of increased competition for scarce resources and the failure of many legislatures to fund formulas sufficiently, community colleges'concerns about inadequate funding to meet future demands have heightened.
- Additionally, respondents in nine states report that tinkering with the community college funding process is an ongoing issue at the state level.Arkansas,Maryland and New York community college officials are working to convince legislators that their respective state funding formulae should reflect their unique institutional missions. Mississippi and North Carolina respondents report that state policymakers are reevaluating their college funding criteria, which may result in a change to funding formulae with a major emphasis on support for FTE. Massachusetts, Minnesota, Tennessee and Wyoming are in the process of reviewing and/or developing new community college budgeting formulae.
- Finally, Alabama, Colorado,Connecticut, Hawaii,New Jersey, New York and Virginia respondents indicate that performance funding is and will continue to be a critical funding issue for two-year colleges in their states. Performance budgeting and funding were cited as possible alternatives to traditional mechanisms used to fund community colleges.

Workforce and Economic Development

Respondents in many states identified the need to improve state funding support for workforce and economic development activities as a primary concern for the future. They emphasized concerns about the lack of adequate funding for the noncredit courses that are central to community college economic development efforts and about their ability to remain competitive in offering this type of training for local businesses and industry. The long-term implications of inadequate support for the economic development mission of the community college surfaced as a high priority for many state community college leaders. Specific concerns in regard to workforce and economic development included the following:

- Inadequate funding – California, Idaho,Illinois, Kentucky, Massachusetts,Michigan, Missouri,Minnesota, New Mexico,New York,North Carolina, Pennsylvania,Virginia, Washington and West Virginia
- Workforce Investment Act – Alabama,Alaska,Delaware, Georgia, Iowa,Maryland, Nebraska, New Jersey, New York and Oregon
- Worker shortages (all employment areas) – Colorado, Connecticut, Illinois, Pennsylvania,Utah, Washington, Wisconsin and Wyoming
- Coordination/collaboration – Kentucky, Louisiana,Ohio, Tennessee and Virginia
- Technology (e.g. access, capacity, faculty, available jobs) – Delaware, Hawaii, Mississippi, Texas and Washington.

Tuition and Fees

Concern over an ever-increasing dependence and emphasis on tuition and fees to make up for inadequate state and local funding for community colleges was identified as an emerging issue in seven states: Colorado,Connecticut, Hawaii, Iowa,Vermont,Virginia,and West Virginia.As Iowa's respondent noted, tuition and fees are rising as a percentage of the total operating funds for community colleges, while state general aid and federal support are declining.

Technology and Distance Learning

Securing appropriate funding for community college distance-learning efforts and coping with the increasing costs of technology are emerging policy issues for two-year colleges in six states: Colorado, Connecticut,Illinois, Missouri, North Carolina and South Carolina.Support for the new statewide electronic or "virtual colleges"and concerns over the replacement costs for high-cost instructional technology equipment also surfaced as emerging policy issues.

Enrollment

Respondents in six states (Colorado, Illinois,Nevada,Oregon,Virginia and Washington) also cited significant enrollment growth projections as a pressing policy issue.Nevada in particular is facing a projected 130% increase in the number of high school graduates by 2008.These significant projected increases in college enrollments in all but five states across the nation are a reflection of the so-called "Tidal Wave II"– children of the Baby Boom generation who are now approaching college age.Coping with increased enrollments are creating difficulties for community colleges in many parts of the country, particularly in light of current inadequate funding for enrollment.

CONCLUSION

"At the turn of the new century, the nation's public two-year colleges stand at the financial crossroads. On the one hand, the need for the services and education they provide in a changing local, regional, national and international environment continues to accelerate. On the other hand, community colleges now draw less of their total operating revenues from taxpayers than at any other time in their histories. If these recent trends are harbingers, the finance of community colleges will become even more critical in the foreseeable future."

Richard A. Vorhees
Financing Community Colleges for A New Century

As Vorhees notes,traditional revenue streams for community colleges have changed over time. It is clear from this study that there are great variations in funding mechanisms and sources of revenue used to fund community colleges across the nation. With more than 5.4 million students – nearly half of all students in American higher education – attending community colleges in traditional credit programs and an additional five million in noncredit programs, appropriate funding of these institutions is essential.In addition, state and federal initiatives such as welfare reform and an expanded emphasis on economic development are escalating demands on two-year colleges.

An increase in the numbers of students requiring remediation and the growing emphasis on dual/concurrent enrollment of high school students only add to community colleges'need for additional resources.These amplified resource needs will have to compete with other state priorities and will result in increased pressures to find alternative revenue sources.

This research suggests that there is much more work to be in done in assessing the true nature of community college finance.The five concerns revealed in the current and emerging issues (adequate funding, workforce and economic development, tuition and fees,technology and distance learning, and enrollment) will continue to be a source of concern for policymakers in the years to come.The Center for Community College Policy intends for this exploratory study to provide a foundation for further research and to serve state policymakers as a useful tool to better inform their legislative efforts to provide financial support for their community colleges.

State-by-State Community College Performance Indicators

State	Indicators
AK	None
AL	None
AR	Performance indicators are not currently being used.
AZ	1. Participation rate 2. Ethnic and racial representation 3. Financial aid awards 4. Developmental education 5. Course availability 6. Occupational program participation and completion rates 7. Placement and wages 8. Employer satisfaction 9. Number of transfer students 10. Success of transfer students 11. Effectiveness of the New Transfer Model 12. Small business development centers 13. Social,economic and/or cultural development activities 14. Student learning outcomes
CA	(Partnership for Excellence) 1. Successful course completion 2. Degrees and certificates awarded 3. Transfers to four-year institutions 4. Workforce development 5. Basic skills improvement 6. Transfer preparedness
CO	1. Graduation rates and credits for degree 2. Faculty instructional productivity 3. Freshman persistence 4.Achievement rates 5. Lower-division class size 6.Approved and implemented diversity plan 7. Institutional support costs 8. Institutional selected indicator 9.Another institutional selected indicator
CT	New requirement currently being developed and may include: 1. Student learning and academic excellence -Written,oral, reading and critical thinking skills -Performance on licensure exams 2. Joining with elementary and secondary education -High school articulation -Innovative projects with K-12 3.Access and affordability -Real price to students to attend institution -Percent of operating expenditures from state support -Percent of financial aid from federal support -Distance education opportunities 4. Economic development -Credit-free headcount -Numbers of employers and employees served,net revenue generated -Programs to meet employer needs

5. Responsiveness to societal issues
   - -Headcount and grades of basic skills reading,writing, English students
   - -Headcount and grades of basic skills math students
   - -Sharing of resources with community
   - -Provision of specialized services to the community
6. Efficient use of resources
   - -Percent of operating expenditures for instruction, public/community service, academic support,student services and student financial aid
   - -Faculty productivity
   - -Retention rate
   - -Graduation rate

DE Even though the state does not require performance indicators, DTCC has established performance measures that include but are not limited to:
1. Student enrollment
2. Credit awards
3. Degree recipients
4. Percent of students transferred to senior institutions
5. Percent of degree recipients of employees

FL 1.The outputs are AA degrees awarded,the number of dual-enrolled credit hours generated divided by 60,and additional points are awarded for special population completers.
2.The outcomes are AA degree completers who transfer to a university or are placed in a job. Partial completers of AA degree who transfer are also counted as outcomes.

GA None

HI None

IA None

ID Idaho requires reporting performance indicators but there are not specific indicators that must be reported. Typical indicators such as numbers of students,graduation rates, job placement, etc.are reported.

IL For the Illinois Community College System, there are six statewide indicators that account for 60% of the Performance based Incentive System (PBIS) dollars and include:
1. Student satisfaction (12%)
2. Student education advancement (12%)
3. Student success in employment/continued pursuit of education (12%)
4. Student transfer to four-year institutions (8%)
5. Population served (8%)
6.Academically disadvantaged
7. Student success (8%)

District-based component funding accounts for 40% of PBIS dollars.The district-based component should reflect autonomy, mission differentiation,and community needs. College officials choose one of the following three areas to focus their local PBIS initiatives on over a five-year time span:
1. Responsiveness to local need
2. Technology
3. Workforce Development

IN Periodic reporting, along with four-year institutions. Measures vary and not reported every year.

KS Under development.

KY None

LA
1. Job placements
2. Percentage of programs accredited
3. Certificates awarded
4. Diplomas awarded
5. Percent administrative expenditures
6. Percent instructional expenditures
7. Number of distance learning sites
8. Student satisfaction indicator will be implemented in FY 2001-2002

MA

1. Percentage of community college system operational funding derived from state and local government appropriations compared to national average
2. Community college system national ranking in average tuition and fees cost
3. Cost of education
4. Annualized unduplicated credit headcount
5. Unduplicated headcount of students enrolled in credit courses; number full-time and number part-time.
6. Total FTE
7. Annualized total number of enrollments in non-credit college offerings
8. Unduplicated credit headcount by gender
9. Unduplicated credit headcount by race
10. Unduplicated credit headcount by 24 years and under; by 25 years and older
11. Unduplicated credit headcount with documented disability
12. Number of enrollments in credit programming offered by the college at off-campus locations
13. Percentage of total unduplicated credit student enrolled who receive federal financial aid
14. Course credit completion rate
15. Number of degrees and certificates awarded
16. Licensure exam pass rate
17. Percentage positive placement rate of career program graduates
18. Percentage of graduates from transfer programs who enrolled in another institution of higher education
19. Assessment of students' perceptions regarding achievement of their education goals from attending a community college
20. Percentage of graduates of career-oriented programs who are employed in a related field or transfer within one year of graduation
21. Percentage of Massachusetts' employers who employ community college graduates
22. Annualized not-for-credit, workforce development/job skills training courses offered by the college
23. Number of annualized participants in not-for-credit, workforce development/job skills training courses at the college
24. Percent of career-related degree and credit certificate programs that utilize advisory boards
25. Number of colleges with an established institutional process for economic and labor market analysis
26. Community service activities by campus
27. Percent of community colleges making the following types of services available to their local communities (11 separate items)
28. Total education and general expenditures (not including federal/state student financial aid)
29. Percentage of education and general expenditures attributed to institutional support
30. Percentage of education and general expenditures attributed to instructional costs
31. Adaptation and renewal as percentage of replacement costs
32. Number of formalized current articulation agreements between community colleges and four-year public/private colleges and universities
33. Number of students participating in the Joint Admissions Program.
34. Collaborative/partnering arrangements and projects involving other community colleges and/or four-year public/private colleges and universities
35. Percent of K-12 school districts in the service area with which the community college is collaborating/working to provide educational related services
36. Description of community college-sponsored activities/projects targeted to K-12 in which community colleges provide direct services to local school/school districts
37. Total gifts eligible for endowment match
38. Percentage of community colleges meeting or exceeding the endowment challenge goal

MD

1. Student satisfaction with job preparation
2. Employer satisfaction with CC graduates
3. Student satisfaction with transfer preparation
4. CC transfer student success: GPA first year
5. Second year retention rate
6. Second year retention rates of developmental students (placed)
7. Licensure exams passing rate
8. Four-year transfer and graduation rate
9. Number students transferring to MD public four-year institutions
10. Tuition and fees in state/county
11. Percent county population served

12. Continuing education (noncredit) registrations
13. Percent African-American of all undergraduates
14. Percent all minorities of all undergraduates
15. Percent African-American full-time core faculty
16. Percent women full-time core faculty
17. Percent African-American full-time executive/managerial
18. Percent women full-time executive/managerial
19. Transfer/graduation rate of African-American students
20. Transfer/graduation rate of all minority students
21. Percent LCD SCH generated by core faculty
22. Percent budget to instruction
23. Dollars in private giving
24. Dollars endowment value

ME
1. Enrollment
2. Success rates
3. Other factors

MI A generic process that is not published by the executive office.This is not an issue in Michigan - local control and general appropriations are too strong.

MN None

MO
1.Assessment of graduates
2. Performance of graduates
3. Degree/certificate productivity
4. Success of underrepresented groups
5. Successful transfers
6. Successful job placement

MS
1. Cumulative grade point average of community college transfer students attending state Institutions of higher learning will equal or exceed the GPA earned by native student in the same university system, 2.70
2. Average range of class,16-30
3. Percentage of CJC associate degree nursing graduates who pass the state board nursing exam on the first write,95.16%
4. Percentage of full-time and adjunct faculty who met the criteria for academic and professional preparation, 99.95%
5. Percentage of vocation-technical students who complete or exit a program and are considered positively place etc.,83.90%

MT None

NC
1. Progress of basic-skills students
2. Performance of college transfer students
3. Passing rates for licensure and certification exams
4. Passing rates of student in developmental courses
5. Success rate of developmental students in subsequent college-level courses (data dependent on Data Warehouse project)
6. Program enrollment
7. Student satisfaction: completers and noncompleters
8. Goal completion of completers
9. Curriculum student progress and success
10. Employer satisfaction with graduates
11. Employment status of graduates
12. Client satisfaction with customized training

ND None

NE None

NH None

NJ Improved graduation rates:

1.Three-year SURE (+) combined graduation and/or transfer rate for a full freshman cohort.
2.Three-year SURE (+) comprehensive success rate for a full freshman cohort.
3.Three-year combined graduation and/or SURE (+) transfer rate for TAG recipients in the bottom two cells of the TAG table (student at risk).
4.Three-year SURE (+) comprehensive success rate for TAG recipients in the bottom two cells of the TAG table (students at risk).
5. Average time to completion of the degree.

Improved transfer and articulation:

1.Three-year SURE +() rate of transfer to senior institutions for freshmen in cc transfer programs.
2. Junior-year mean GOA of transfers to a senior public institution from a particular community college.
3. Graduation rate for cc students who transfer to a senior public institution.

Improved efficiency and effectiveness:

1. Percent of associate-degree programs with 25 or fewer students enrolled.
2. Collaboration - academic, administrative/student service, and community service.
3.Assessment of graduates

Diversified revenues

1. Increase in tuition
2. External funding
3. Continuing education revenue

NM Yet to be determined

NV None

NY A system of performance indicators and some degree of performance-based funding are under development.

OH

1.An appropriate range of career or technical programs designed to prepare individuals for employment in specific careers at the technical or paraprofessional level
2. Commitment to an effective array of developmental education services providing opportunities for academic skill enhancement
3. Partnerships with industry, business,government and labor for the retraining of the workforce and the economic development of the community
4. Noncredit continuing education opportunities
5. College transfer programs or the initial two years of a baccalaureate degree for students planning to transfer to institutions offering baccalaureate programs
6. Linkages with high schools to ensure that graduates are adequately prepared for post-secondary instruction
7. Student access provided according to a convenient schedule and program quality provided at an affordable price
8. Student fees charged by any institution are as low as possible, especially if the institution is being supported by a local tax levy
9.A high level of community involvement in the decisionmaking process in such critical areas as course delivery, range of services,fees and budgets, and administrative personnel

OK

1. Graduation rates
2. Transfer rates
3. Time to degree completion
4. Certification/licensure pass rates
5. Employment rates
6. Remediation rates
7. Degrees conferred
8.Assessment activity

OR None

PA None

RI None

SC

1. Expenditure of funds to achieve institutional mission
2. Curricula offered to achieve mission
3. Approval of a mission statement
4. Adoption of a strategic plan to support the mission statement
5. Attainment of goals of the strategic plan
6. Academic and other credential of professors and instructors
7. Performance review systems for faculty to include student and peer evaluations
8. Post-tenure review for tenured faculty
9. Compensation of faculty
10. Availability of faculty to students outside the classroom
11. Community or public service activities of faculty for which no extra compensation is paid
12. Class sizes and student/teacher ratios
13. Number of credit hours taught by faculty
14. Ratio of full-time faculty as compared to other full-time employees
15. Institutional emphasis on quality teacher education and reform
16. Sharing and use of technology, programs, equipment, supplies, and source matter experts within the institution, with other institutions, and the business community
17. Cooperation and collaboration with private industry
18. Percentage of administrative costs as compared to academic costs
19. Use of best management practices
20. Elimination of unjustified duplication of and waste in administrative and academic programs
21. Amount of general overhead costs
22. SAT and ACT scores of student body
23. High school standing, gradepoint averages, and activities of student body
24. Post-secondary nonacademic achievement of student body
25. Priority of enrolling in-state students
26. Graduation rate
27. Employment rate for graduates
28. Employer feedback on graduates who were employed or not employed
29. Scores of graduates on post-graduate professional, graduate or employment-related examinations and certification tests
30. Number of graduates who continue their education
31. Credit hours earned of graduates
32. Transferability of credits to and from the institution
33. Continuing education programs for graduates and others
34. Accessibility to the institution of all citizens of the state
35. Financial support for reform in teacher education
36. Amount of public- and private-sector grants

SD None

TN

1. Testing of General Ed outcomes
2. Pilot evaluation of General Ed outcomes
3. Accreditation
4. Undergraduate and graduate program review
5. Major field-testing
6. Enrolled/alumni surveys
7. Retention/Persistence
8. Job placement
9. Strategic plan goals

TX

1. Rate at which students completed courses attempted
2. Number and types of degrees and certificates awarded
3. Percentage of graduates who passed licensing exams related to the degree or certificate awarded, to the extent the information can be determined
4. Number of students or graduates who transfer to or are admitted to a public university
5. Passing rates for students required to be tested under Section 51.306
6. Percentage of students enrolled who are academically disadvantaged
7. Percentage of students enrolled who are economically disadvantaged
8. Racial and ethnic composition of the district's student body

9. Percentage of student contact hours taught by full-time faculty

UT
1. Faculty instructional workload
2. Transfer efficiency with 4-year institutions
3. Time to graduation (where appropriate)
4. Student scores on norm-referenced licensure exams

VA
1. Graduation rate
2. Progressions rate (students returning to same institution at higher level)
3. Retention rate (returning students,but not progressing to higher level)
4. Persistence rate (students returning regardless of program placed level)
5. Transfer rate to four-year institutions
6. Graduates employed in program-related work
7. Graduates pursuing further study
8. Instruction as percent of educational and general expenditures
9.Achieving management standards (clean audit,prompt payments, etc.)
10. Percent occupancy - classrooms
11. Weekly room use hours - classrooms
12. Percent occupancy - class labs
13. Weekly room use hours - class labs
14. Weekly station use hours - classrooms
15. Weekly station use hours - class labs
16. Total credit hours per full-time equivalent faculty

VT None

WA
1. Number of transfer students from 35,000-50,000/year
2. Number of job-ready student from 14,0000-25,000/year
3. Increase % students with basic skills gains from 37% to 80%

WI None

WV None

WY
1. Student goal attainment
2. Persistence
3. Degree completion rates
4. Placement rate in the workforce
5. Employer assessment of students
6. Licensure/certification pass rates
7. Client assessment of programs and services
8. Demonstration of critical literacy skills
9. Demonstration of citizenship skills
10. Number and rate who transfer
11. Performance after transfer
12. Success in subsequent, related coursework
13. Participation rate in service area
14. Responsiveness to community needs

1999 Community College Finance Policy Survey

Center for Community College Policy
Education Commission of the States

State Name: _____

Person Completing Survey:

Name: _____

Title: _____

Organization:_____

Address: _____

City/State/Zip: _____

Phone: _____ Fax: _____

E-mail: _____

Web Site: _____

Directions:

Please fill out the following survey and return to the Education Commission of the States by **Wednesday, May 17, 2000**. Thank you for your time and assistance.

Please return completed questionnaire to:

Judie Mathers, Policy Analyst
Center for Community College Policy
Education Commission of the States
707 17th Street, Suite 2700
Denver, CO 80202
Phone: 303-299-3691
E-mail: jmathers@ecs.org

Governance

1. States use different methods for appropriating funds for community colleges.
   Please describe your state's **process** for the following:

   a) How are total state appropriations for community colleges determined by the legislature?

   b) What procedures are used to apportion funds to individual community colleges?

2. Please describe what role, if any, each of the following policy bodies have in developing and approving community college budgets in your state?

   ❍ Legislature

   ❍ State community college board

   ❍ State board of education

   ❍ State postsecondary board

   ❍ Local community college boards

   ❍ Local school boards

   ❍ Other – Please specify:

3. How are state appropriations for community colleges reflected in the state budget?

   ❍ In a single consolidated appropriation for all community colleges
   ❍ As part of a consolidated appropriation with all postsecondary institutions
   ❍ Allocated to individual institutions
   ❍ Other – Please specify:

4. a) Does the legislature designate community college appropriations as a series of line items?

   b) Is legislative approval required to move funds between line items?

   c) Are salaries included as a separate line item?

Funding formula issues will be addressed in the next section. Please send either a written explanation or copies of documents that explain your state formula for funding of community colleges.

General Finance

1. a) What are the current state revenue sources for community college appropriations in your state ?

   b) What other sources have been used in the past?

   c) What additional sources are being considered for use in the future?

   d) What other state funds can community colleges apply for or access?

2. a) Do you receive **local tax revenue**?
   - ❍ Yes
   - ❍ No

   b) If yes, what is the process for generating and allocating local tax revenue?

   c) Other than the property tax,what are other sources of local tax revenue?

3.What was the percentage breakdown of **general operating funds** for community colleges in your state for 1998-99?

General Operating Funds: 1998-99	% of Total Dollars
Federal (include all Perkins funds)	%
State	%
Local	%
Student Tuition Fees	%
Other: (please specify) (include federal financial aid and restricted funds other than Perkins here)	%
Total amount of general operating funds	$

4. a) Because it can vary greatly from year to year, what is the average percentage breakdown from different sources for **capital outlay** funds for community colleges in your state from 1994-1999?

Sources	Percentage
Local taxes/bonds	%
State taxes/bonds	%
Other (please specify)	%

   b) Do allocations of state funds for capital outlay require local matching?
   - ❍ Yes
   - ❍ No

   c) Can your general state appropriation be used for capital construction?
   - ❍ Yes
   - ❍ No

5.What was the total number of credit generating students (annualized) in each of the following sectors in 1998-99?

Level of Institution	Unduplicated Head Count	FTE
Vocational Schools		
Community/Technical Colleges		
4-year State Colleges and Universities		
4-year Research Universities		

6. a) What was the average expenditure per student FTE (annualized) for 1998-99?

Level of Institution	FTE Expenditure*
Vocational Schools	
Community/Technical Colleges	
4-year State Colleges and Universities	
4-year Research Universities	

**Definition: FTE expenditure = total E&G / total FTE*

b) What is the amount of state support per FTE?

c) How is FTE calculated? (e.g. 15 credit hours = 1 FTE)

d) If different than FTE, please explain.

7. a) What,if any, is the target percentage goal of the total cost of community college instruction in your state to be funded by student tuition and fees (student share of cost)? *(e.g.one-third state,one-third local, one-third student tuition and fees,etc.)*

b) If there is not an explicit goal, is there an implied target for student share of cost?

❍ Yes
❍ No

c) If so, what is that target?

8. a) Is a funding formula used to determine appropriations for community colleges in your state?

❍ Yes
❍ No

b) If yes, what is the process for developing and/or changing the formula?

c) Is your funding formula used:

❍ To determine the total funds that should be allocated to community colleges, or
❍ To determine how the allocated funds are distributed to the individual institutions, or
❍ Other: _____

d) How closely does the final state appropriation reflect what would be expected under the funding formula?

e) What drives the formula?

❍ Enrollment
❍ Space utilization
❍ Comparison with /peer institutions
❍ Other: _____

f) If your formula is based on enrollment,are your community colleges funded based on:

❍ Projected enrollment
❍ Previous year's enrollment

g) If your formula funds on the basis of projected enrollment,what are the consequences of not meeting the projected enrollment target?

9. a) Do non-credit enrollments generate any state support?
   - ❍ Yes
   - ❍ No

   b) If so, what specific state support is available for the following types of educational offerings?

Type of Offering	Type of Support
Noncredit certificate areas (programs that award certificate of completion)	
Customized Training for Business and Industry	
Noncredit community lifelong learning (individual courses)	

10. a) Are specific program costs used as a factor in the funding formula for determining the level of state support for different courses of study offered by community colleges (e.g. an add-on for high-cost vocational/technical programs)?
   - ❍ Yes
   - ❍ No

   b) If yes, please describe.

11. a) Does dual/concurrent enrollment of K-12 students generate any state support for community colleges?
   - ❍ Yes
   - ❍ No

   b) If yes, please describe the level of support and its source.

   c) Do school districts keep full state aid for each concurrently enrolled student?
   - ❍ Yes
   - ❍ No

   d) Are concurrently enrolled students charged tuition?
   - ❍ Yes
   - ❍ No

   e) If yes, who pays the tuition?

Student Tuition & Fees

1. For the 1998-99 academic year, for a full-time in-state student,what is the range (low to high) of community college tuition & fees per academic year across institutions in your state?

(tuition only) $ _____ (low) to $ _____ (high)

(tuition & fees) $ _____ (low) to $ _____ (high)

2.What is the average cost of tuition & fees per full-time undergraduate student for 1998-99 at each of the following types of institutions?

Type of Institution	Average Cost of Tuition
Vocational Schools	$
Community/Technical Colleges	$
4-year State Colleges and Universities	$
4-year Research Universities	$

**Definition: FTE expenditure = total E&G / total FTE*

3.What is was the average cost of tuition per credit hour for a full-time community college student in 1998-99? (Tuition only; do not include fees.)

Student Designation	Semester or Quarter	Average Cost Per Credit Hour
In-district		$
Out-of-district		$
In-state		$
Out-of-state		$

4. a) At what point in the tuition schedule are students considered full-time?

b) Is there a plateau in the tuition schedule that provides an incentive for students to take a targeted number of credit hours? If so,where is it?

c) At what point in the tuition schedule are students charged for overload,or enrolling in courses over and above the number considered the maximum for a full-time student?

d) What is the specific policy intent behind this design,if any?

5. a) Is there a differential in tuition costs for less-popular afternoon/weekend or summer hours as opposed to classes offered in high demand prime-time hours on campus?

- ❍ Yes
- ❍ No

b) If yes, what is that differential and how successful is it in managing desired enrollment patterns?

6. Describe how and when tuition and/or fee waivers are used in your state.

Performance-Based Funding

1. Does your state require reporting of specific performance indicators for community colleges (e.g.graduation rates, successful job placements,etc)?
   - ❍ Yes
   - ❍ No

2. If your state has performance indicators for community colleges:
   a) What are those indicators?

   b) Is performance on these indicators linked to budget allocations?
   - ❍ Yes
   - ❍ No

   c) If yes, what percentage of the overall budget is specifically linked to these indicators?

   _____%

   d) Is this percentage of funding:
   - ❍ Derived from reallocation of existing community college budgets
   - ❍ Based on "new money" added on top of the existing base budget
   - ❍ Other – (Please specify) _____

   e) Are there penalties or sanctions for low performance?
   - ❍ Yes
   - ❍ No

   f) If yes, what are the penalties or sanctions?

3.Apart from state performance indicators,are there specific incentives to encourage community colleges to meet state goals?

Section V

Workforce Development

Workforce development is defined as those educational programs,both credit and noncredit,which are targeted at supporting individuals and businesses in the attainment of specific job skills for entry-level positions, retraining as a consequence of worker dislocation or customized training for business and industry.

1. a) Do community colleges in your state receive specific funds dedicated to workforce development activities as part of their appropriation?
   - ❍ Yes
   - ❍ No

2. a) Are there other state funding sources for which your community colleges can apply to support workforce development activities?
   - ❍ Yes
   - ❍ No

   b) If yes, describe the source of these funds and the application/allocation process.

3. a) Are there other non-state funding sources for which your community colleges can apply to support workforce development activities (e.g. local, regional, private,federal)?
   - ❍ Yes
   - ❍ No

   b) If yes, describe the source of these funds and the application/allocation process.

4. What are the current and/or emerging issues around workforce development in your state?

Section VI

Remedial/Developmental Education

1. Describe how remedial/developmental education is funded in your state?

2. a) Do remedial/development courses generate the same level of state support in the funding formula as regular credit courses?
   - ❍ Yes
   - ❍ No

   b) If no,how are they different?

3. How is adult basic education funded?

4. What are the current and/or emerging issues around remedial/developmental education in your state?

Emerging Issues

1. a) Do you charge a different tuition rate for distance education courses versus on-campus courses for in-state students?

❍ Yes
❍ No

b) If no, describe the difference.

c) Is out-of-state tuition charged to nonresident community college students enrolling via distance education?

❍ Yes
❍ No

d) If no,describe the tuition and/or fees structure used.

2. a) Do distance education students generate the same FTE and state support as on-campus students?

❍ Yes
❍ No

b) If no, what is the difference?

3. What are the current and/or emerging policy issues around community college finance in your state?

4. Are there any significant changes being considered in how community colleges are funded in your state?

❍ Yes
❍ No

If yes,please describe.

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Continued on next page

APPENDIX D

Community College Finance Survey Respondents by State

State	Respondent	Organization
Alabama	Debbie Dahl, Vice Chancellor for Fiscal & Information Services	Department of Postsecondary Education
Alaska	Mark Johnson, Business Manager	Prince William Sound Community College
Arizona	Thomas Saad, Associate Executive Director of Business and Finance	State Board of Directors for Community Colleges
Arkansas	Edward Franklin, Executive Director Rita Fleming	Arkansas Association of Two-Year Colleges Arkansas Department of Education
California	Scott Lay, Associate Director of Governmental Relations	Community College League of California
Colorado	Brad Baca, Director of Budgets	Colorado Community College and Occupational Education System
Connecticut	Victoria J. Greene, Director of Finance	Connecticut Community College System
Delaware	Diane Evans, Assistant Vice President for Finance	Delaware Technical and Community College
Florida	Ed Cisek, Deputy Director, Finance & Information Services	Florida State Board of Community Colleges
Georgia	Laura Boalch, Budget Director	Georgia Department of Technical & Adult Education
Hawaii	Michael Rota, Vice Chancellor for Academic Affairs	University of Hawaii Community Colleges
Idaho	Rolland Jurgens, Vice President for Administrative Services	North Idaho College
Illinois	Don Wilske, Chief Financial Officer	Illinois Community College Board
Indiana	Mike Baumgartner, Associate Commissioner for Facilities and Financial Affairs	Indiana Commission for Higher Education
Iowa	Evelyn Anderson, Bureau Chief of the Bureau of Community Colleges	Iowa Department of Education Division of Community Colleges & Workforce Preparation
Kansas	Joe Birmingham, Deputy Executive Director	Kansas Board of Regents
Kentucky	Wendell Followell, Director of Budget	Kentucky Community and Technical College System
Louisiana	Joe Marin, John Hough, and Kim Kirkpatrick - LCTCS staff Gene Fields - Board of Regents staff	Louisiana Community and Technical College System
Maine	Lynn Olson, Director of Finance and Administration	Maine Technical College System
Maryland	Geoffrey Newman, Policy Analyst	Maryland Higher Education Commission
Massachusetts	Janice Motta, Executive Officer	Massachusetts Community Colleges
Michigan	Debbie Lonik, Specialist in Office of Postsecondary Services James Folkening, Director in Office of Postsecondary Services	Michigan Department of Career Development
Minnesota	Patrick Opatz, System Budget Director	Minnesota's State Colleges and Universities
Mississippi	Deborah Gilbert, Associate Executive Director for Finance and Administration	Mississippi State Board for Community and Junior Colleges
Missouri	Terry Barnes, Assistant Commissioner for Community Colleges and Technical Education	Missouri Coordinating Board for Higher Education
Montana	Rod Sundsted, Associate Commissioner	Office of the Commissioner of Higher Education
Nebraska	Sharon Howell, Assistant Director	Nebraska Community College Association
Nevada	Martin Kyte, Budget and Planning Coordinator	University and Community College System of Nevada

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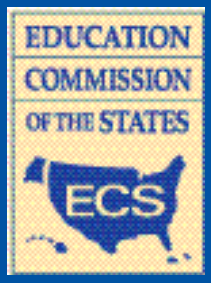
State	Respondent	Organization
New Hampshire	Scott Westover, Director of Technical Public Information Mary Milliken, Chief Financial Officer	New Hampshire Regional Community College System
New Jersey	Lawrence Nespoli, President	New Jersey Council of County Colleges
New Mexico	Frank Renz, Executive Director	New Mexico Association of Community Colleges
New York	Robert T. Brown, Vice Chancellor for Community Colleges	State University of New York
North Carolina	Larry Morgan, Director of Budgeting & Accountability	North Carolina Community College System
North Dakota	Laura Glatt, Vice Chancellor for Administrative Services	North Dakota University System
Ohio	Deborah Gavlik, Director, Budgets & Resource Planning	Ohio Board of Regents
Oklahoma	Hans Brisch, Chancellor	Oklahoma State Regents for Higher Education
Oregon	Tom Hughes, Financial Analyst	Department of Community Colleges & Workforce Development
Pennsylvania	Patricia Krebs, Interim Director	Pennsylvania Commission for Community Colleges
Rhode Island	Ruth Barrington, Business Manager	Community College of Rhode Island
South Carolina	Harvey Studstill, Director of Financial Reporting	South Carolina State Board for Technical and Comprehensive Education
South Dakota	Ken Gifford, Director of Western Dakota Technical Institute Terrence Sullivan, Director of Southeast Technical Institute Gary Williams, Director of Lake Area Technical Institute	Western Dakota Technical Institute, Southeast Technical Institute Lake Area Technical Institute
Tennessee	George Malo, Assistant Vice Chancellor of Research/Assessment	Tennessee Board of Regents
Texas	Dr. Glenda O. Barron, Assistant Commissioner	Texas Higher Education Coordinating Board
Utah	Gary S. Wixom, Assistant Commissioner Norm Tarbox, Associate Commissioner	Utah System of Higher Education
Vermont	Bob Nicol, Chief Financial Officer	Vermont State Colleges System
Virginia	Karen J. Peterson, Vice Chancellor for Administrative Services	Virginia Community College System
Washington	Scott Morgan, Director of Financial Services	Washington State Board for Community and Technical Colleges
West Virginia	James L. Skidmore, Vice Chancellor for Community and Technical College Education	State College and University Systems of West Virginia
Wisconsin	Janet Washbon, Director of Policy and Government Relations	Wisconsin Technical College System Board
Wyoming	William Lovejoy, Dean of Information, Planning and Policy Analysis	Wyoming Community College Commission



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