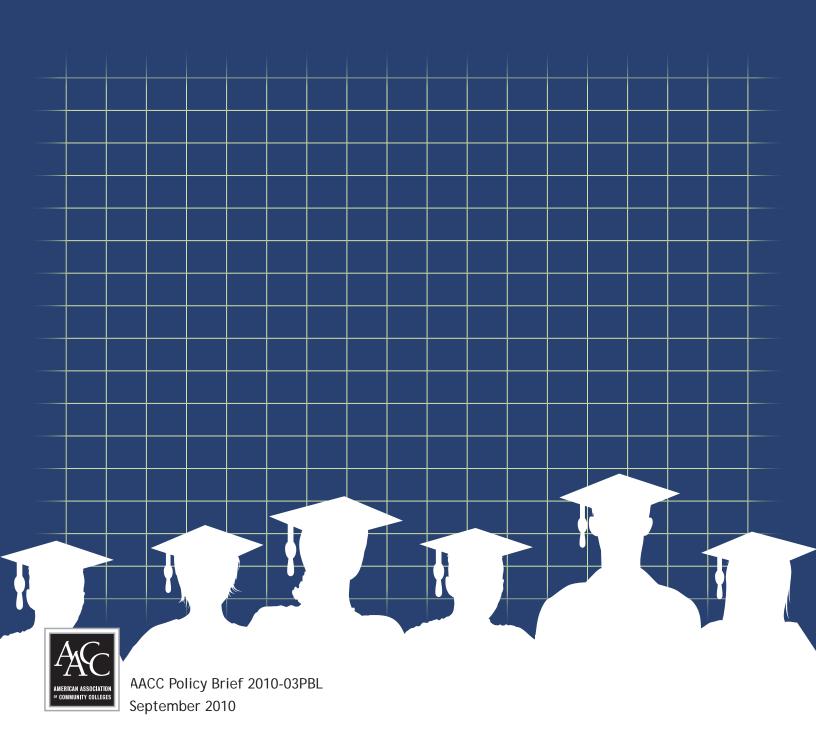
Doing More With Less: The Inequitable Funding of Community Colleges

Christopher M. Mullin



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Without the aforementioned people, this product would not have been possible. While their input was informative, I take responsibility for the final product; any errors are my own.

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EXECUTIVE SUMMARY

Introduction

Increasing the proportion of Americans whose levels of educational attainment extend beyond a high school diploma is a broad national priority. Attaining the ambitious goals that have been articulated will require the additional education of traditional-age students entering college directly from the K–12 system, as well as reengaging millions of young adults and experienced workers. Community colleges, which educate nearly half of all undergraduates, are committed to being a part of the solution.

The role of community colleges in helping people and the government respond to the current economic crisis and meeting widely articulated goals for college completion has resulted in an unprecedented amount of attention on the colleges, accompanied by heightened expectations. However, the thesis of this brief is that significantly increasing outputs from community colleges can be achieved only with increased resources. Compared to other sectors, community colleges have not received a fair share of funding in light of their role in the country's higher education system. Improvements in the delivery of community college education cannot overcome the stark reality of inadequate funding.

In this brief, I compare the funding of community colleges to that of other sectors of higher education, to set into context the challenges community colleges face as well as to highlight the policy priorities implicit in addressing funding inequities. To that end, I describe

- The magnitude of inequities between institution types.
- · Some consequences of the inequities.

The Magnitude of Funding Inequities by Sector

To consider one dramatic statistic, community colleges received just 27% of total federal, state, and local revenues (operating and nonoperating) for public degree—granting institutions in 2007–2008 while serving 43% of undergraduate students. This imbalance in funding public institutions results from a number of state and federal funding priorities. For example,

- Community colleges have historically received just 20% of the state tax appropriations for higher education.
- Judged through a variety of metrics, community colleges received considerably fewer federal funds than do other sectors of higher education.

Consequences of Inequitable Funding

Community colleges educated 43% of all undergraduate students in 2007, including the greatest proportion of underrepresented students: 53% of Hispanic, 45% of Black, 45% of Asian/Pacific Islander, and 52% of Native American undergraduates. Given that projected shifts in the U.S. population indicate that increasing numbers of college students will come from these backgrounds, community colleges are critical doorways to true educational equality.

Community colleges have concentrated what money they do receive on instruction. They spent 44.5% of education and general funds on instruction compared to 39.6% at private research institutions and 36.1% at public research institutions. Their faculty earn less and teach more than colleagues in other sectors of higher education. In part because of the fiscal free-fall that state treasuries took beginning in 2008, community colleges are now having to turn away students from needed programs. This is an extremely troubling development.

Moving Forward

In July, 2009, the Obama administration announced its American Graduation Initiative (AGI), a plan to place community colleges at the forefront of the country's effort to regain global prominence in higher education attainment, with funding to help accomplish the task. Some argued that such an action placed, for the first time in federal policy, one sector of higher education ahead of others. But AGI has to be considered in the context of the broader funding of community colleges.

The ability of community colleges to serve their students and communities is due in large part to the investment of federal, state, and local governments and federal agencies; however, increasing productivity by 50%, as envisioned by the Obama administration's call for five million more community college graduates, will be possible only if resources are significantly increased. The \$2 billion available to higher education as a result of the Health Care and Education Reconciliation Act of 2010 via the Community College and Career Training grant program is a strong start, but those funds can be viewed only as a down payment on needed federal investments that must be accompanied by a resolution of structural funding inequities.

Doing More With Less: The Inequitable Funding of Community Colleges

Introduction

Increasing the proportion of Americans whose levels of educational attainment extend beyond a high school diploma is a broad national priority. Attaining the ambitious goals that have been articulated will require the additional education of traditional-age students entering college directly from the K–12 system, as well as reengaging millions of young adults and experienced workers. Community colleges, which educate nearly half of all undergraduates, are committed to being a part of the solution. Six organizations have partnered in their commitment to increase college completion by 50%: the American Association of Community Colleges (AACC), the Association of Community College Trustees, the Center for Community College Student Engagement, the League for Innovation in the Community College, the National Organization for Staff and Organizational Development, and Phi Theta Kappa (AACC, 2010b).

The role of community colleges in helping people and the government respond to the current economic crisis and meeting widely articulated goals for college completion has resulted in an unprecedented amount of attention on the colleges, accompanied by heightened expectations. However, the thesis of this brief is that significantly increasing outputs from community colleges can be achieved only with increased resources. Compared to other sectors, community colleges have not received a fair share of funding in light of their role in the country's higher education system. Improvements in the delivery of community college education cannot overcome the stark reality of inadequate funding.

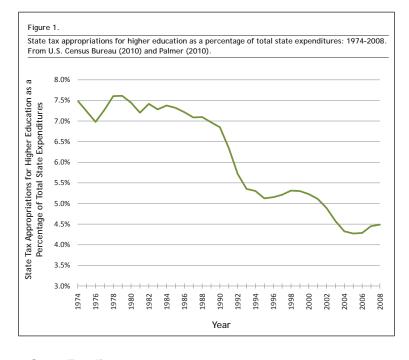
Surging enrollments at community colleges over the past two years have not been met with proportional increases in fiscal support, placing community colleges across the country in the position of doing more with less, or, in some cases, simply doing less. Increasingly, these cuts are hitting core institutional activities; for example, many students are being denied access through course reductions and enrollment caps (see, e.g., Killough, 2009; Moltz, 2009, 2010). Asking community colleges to graduate more students with less money will likely result in stunting the growth of the U.S. workforce at a time when projections indicate that 26.7 million new jobs need to be filled with college-educated workers by 2018—an outcome the nation can ill afford (Carnevale, Smith, & Strohl, 2010).

In this brief, I compare the funding of community colleges to that of other sectors of higher education, to set into context the challenges community colleges face as well as to highlight the policy priorities implicit in addressing funding inequities. To that end, I describe

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The Magnitude of Funding Inequities by Sector

Institutional diversity makes the U.S. higher education system unique and dynamic, enabling students to engage in learning tailored to their individual interests and abilities. However, while the diversity of institutional missions is fundamental to the vitality of higher education, the asymmetrical way institutions are funded is not. To consider one dramatic statistic, community colleges received just 27% of total federal, state, and local revenues (operating and nonoperating) for public degree—granting institutions in 2007–2008 (NCES, 2009) while serving 43% of undergraduate students (AACC, 2010a).



State Funding

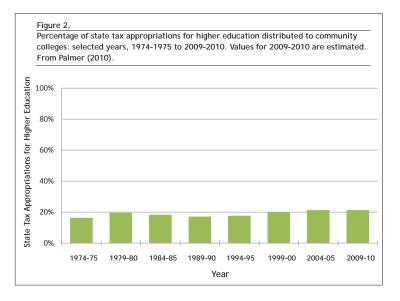
Regrettably, overall state fiscal support for public higher education has been on a long-term downward slope. State disinvestment in public higher education decreased most sharply in the early 1990s, when the percentage of state revenues devoted to higher education decreased from 7.0% in 1989 to 5.4% in 1993 to 4.5% in 2008 (see Figure 1).² Unfortunately for community colleges, in comparison to public 4-year institutions,

historically they have received approximately 20% of state tax appropriations for higher education (see Figure 2).

Furthermore, despite the recent strong public emphasis on the contributions of community colleges, states continue to allocate to the colleges a relatively small share of higher education funds. For example, public funds in Maryland are allocated to community colleges via the Cade formula, which stipulated that, for FY 2010, community colleges shall receive "not less than an amount equal to 23.6% of the State's general fund appropriation per full-time-equivalent student to the 4-year public institutions of higher education in the State [emphasis added]" (Annotated Code, 2009). When New York was developing the State University of New York (SUNY) system, it decided to adopt the perspective of John E. Burton, then director of budget for New York State and member of the commission that developed the SUNY system. He stated:

While recognizing that there was a place in our system for community colleges, I could not quite see why community colleges should be placed, as proposed, at the very core of our system of higher education. The community college would thus become the major recipient of the state's higher education funds . . . we should strengthen the state's private universities and colleges through an expanded scholarship program. (cited in Carmichael, 1955, p. 170)

The mounting pressure on states to budget for Medicaid, corrections, and elementary and secondary education has contributed to the disinvestment in public postsecondary education in general and especially in community colleges. Not surprisingly, research has shown that educational attainment rates improve with increases in state fiscal support (Zhang, 2008). If increasing educational attainment is a true state priority, commensurate fiscal support must follow.



Federal Funding

Inequities in state fiscal policy extend to federal funding streams as well, albeit within very different mechanisms of support. In 2008, the federal government invested \$36.4 billion directly in higher education, of which \$28.8 billion was administered by the U.S. Department of Education (ED). Aid in the form of federal

student assistance constituted \$28.4 billion—or 98.4%—of ED's higher education spending.³

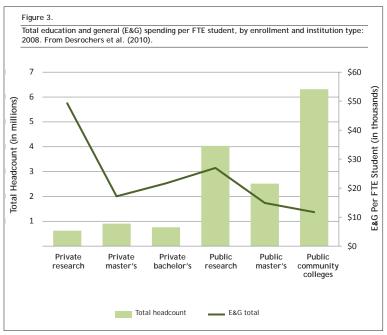
The Pell Grant program is the hallmark of federal access to postsecondary education and critical for community college students: 32.8% of Pell recipients attended community colleges, and these students were awarded 36.5% of all funds in 2009–2010 (Federal Student Aid, 2010). Only 10% of community college students take out federal loans, in contrast to 42% of public 4-year, 55% of private 4-year, and 88% of students at for-profit institutions (College Board, 2009, Figure 4). But, aside from programs directly aiding students, community colleges received considerably fewer federal funds from ED when compared to other sectors of higher education (see Table 1). The resulting inverse distribution pattern is inequitable and inadequate to meet our national goal of increasing educational attainment (see Figure 3).

Table 1.

Federal Funds Allocated by the U.S. Department of Education For Postsecondary Aid, by Program and Sector: 2009–2010

		Total								
Program	Community college	Public	Private nonprofit	For-profit	Other	Amount				
Office of Federal Student Aid										
Pell Grant	32.8%	29.0%	13.2%	25.0%	-	\$29,360,615,964				
Academic Competitiveness Grant	18.3%	52.9%	25.2%	3.8%	-	\$467,860,428				
SMART Grant	0.0%	67.1%	25.2%	7.6%	-	\$343,502,405				
TEACH Grant	0.3%	48.1%	45.2%	6.4%	-	\$90,917,464				
Federal Work-Study	15.8%	34.7%	43.2%	6.4%	-	\$1,118,930,076				
Federal SEOG	17.6%	30.1%	35.5%	16.8%	-	\$756,863,567				
Office of Postsecondary Education (new and continuing grants as of August 9, 2010)										
Minority-Serving Institutions: SIP (Title III-A)	65.9%	14.1%	20.0%	-	-	\$61,683,811				
TRIO: Talent Search	36.8%	35.6%	10.7%	-	16.9%	\$112,057,298				
TRIO: Upward Bound (UB)	37.1%	35.2%	16.0%	0.4%	11.3%	\$226,471,275				
TRIO: UB Math & Science Comp.	24.1%	56.0%	14.8%	-	5.1%	\$29,611,309				
TRIO: Ed. Opportunity Centers	40.8%	43.2%	5.7%	-	10.3%	\$21,073,888				
Minority Science Improvement	23.7%	47.0%	29.4%	-	-	\$5,432,393				
Other programs	3.0%	15.3%	76.5%	-	5.1%	\$225,070,353				
Office of Vocational and Adult Education										
Grants to states	-	-	-	-	-	\$1,877,781,771				

Note. Additional programs were funded by the U.S. Department of Education, but data were not available at the time of writing. The "Other" column includes K-12, community-based organizations, among others. Data are adapted from Federal Student Aid (2010) and U.S. Department of Education (2010).



The preceding discussion briefly outlines some of the current fiscal inequities between sectors of postsecondary education. These inequities are troubling because of their implications for access, quality, and success in higher education.

Consequences of Inequitable Funding

Community colleges educated 43% of all undergraduate students in 2007 (AACC, 2010a), including the greatest proportion of underrepresented students: 53% of Hispanic, 45% of Black, 45% of Asian/Pacific Islander, and 52% of Native American undergraduates (AACC, 2010a). Given that projected shifts in the U.S. population indicate that increasing numbers of college students will come from these backgrounds, community colleges are critical doorways to true educational equality.

Table 2.

Total Postsecondary Education and General (E&G) Expenditures Per FTE Student, by Institution Type: 2008

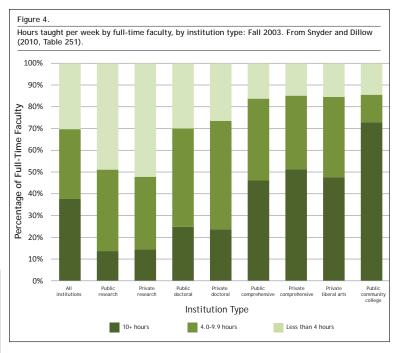
	Instr	uction-Related I								
Institution Type	Instruction	Academic support	Student services	Other E&G	Total E&G					
Expenditure per FTE student										
Public community colleges	\$5,216	\$367	\$982	\$5,167	\$11,732					
Public master's	\$6,209	\$629	\$1,490	\$6,577	\$14,905					
Public research	\$9,732	\$1,912	\$2,775	\$12,553	\$26,972					
Private bachelor's	\$8,172	\$628	\$2,017	\$10,859	\$21,676					
Private master's	\$7,056	\$467	\$1,711	\$7,949	\$17,183					
Private research	\$19,520	\$1,293	\$5,471	\$23,014	\$49,298					
Percentage distribution										
Public community colleges	44.5%	3.1%	8.4%	44.0%	100%					
Public master's	41.7%	4.2%	10.0%	44.1%	100%					
Public research	36.1%	7.1%	10.3%	46.5%	100%					
Private bachelor's	37.7%	2.9%	9.3%	50.1%	100%					
Private master's	41.1%	2.7%	10.0%	46.3%	100%					
Private research	39.6%	2.6%	11.1%	46.7%	100%					

Note. The "Other E&G" column includes research, public service, institutional support, operations and maintenance, and net scholarships and fellowships. From Desrochers et al. (2010).

Limited Services

With relatively limited fiscal resources, community colleges have to make difficult decisions about where to target their resources. Community colleges have concentrated that money on instruction, spending a greater percentage on that function than do other sectors (see Table 2). Full-time faculty at community colleges are paid less than their peers at public and private institutions: The average salary of full-time faculty at a community college in 2008–2009 was \$60,587, compared to \$74,209 at public 4-year institutions and \$78,316 at private 4-year institutions (Snyder & Dillow, 2010, Table 257). At the same time, community college faculty spend comparably more time teaching than their peers at other types of institutions (see Figure 4). In 2003, community colleges employed 43% of all part-time faculty, 11.3% of whom where Black or Hispanic, compared to between 5.6% and 7.8% at public and private research, doctoral, and comprehensive institutions (Snyder & Dillow, 2010, Table 253).

College adminstrators also receive less pay for the same work. For example, in 2008–2009, the median salary for a chief executive was \$380,293 at doctoral institutions, \$242,050 at master's institutions, \$225,000 at a baccalaureate institutions,



and \$164,947 at community colleges (College and University Professional Association, 2009). Across all executive categories, similar differentials apply.

The focus on instruction has been a community college constant. However, due to limited funds, community colleges generally have not been able to allocate more money to other activities that promote student success and increase educational attainment, including academic support and student services. As was recently highlighted in a 2010 College Board report, counseling can play a significant role in making college more affordable through demystifying the student aid process. This is a major issue: Only 58% of Pell-eligible students at community colleges applied for financial aid, compared to 77% of Pell-eligible students at public 4-year institutions and 84% of Pell-eligible students at private 4-year institutions (Kantrowitz, 2009). Furthermore, early alert systems and "intrusive academic counseling"—a proactive approach whereby the college initiates the need to meet with the student—have increasingly been recognized as ways to increase academic achievement, especially for disadvantaged students (see, e.g., Grubb, 2006; Wojciehowska, 2010).

Idle Assets

Each student denied the opportunity to engage in higher education who might benefit from it constitutes an idle asset. Given that the state budget cuts that commenced in 2008 show only faint signs of abating, community colleges have now been forced to explicitly or implicitly deny access to students. To look at just one sector of the economy, community colleges are the leading producers of graduates in nursing and allied health. Among the various sectors of higher education, community colleges educate more than 50% of all new nurses (National Commission on Community Colleges, 2008).

Nurses who graduate from associate degree programs do as well as those graduating from bachelor's degree programs on the national licensing exam (National Council on State Boards of Nursing, 2009). Despite their productivity, community

colleges could still provide much more opportunity: In 2004–2005, associate degree registered nurse programs turned away more than three times more students than did bachelor's degree programs (AACC 2010c). Furthermore, 58% of all sub-baccalaureate completers in health professions and related clinical sciences earned their credentials at community colleges in 2007–2008 (National Center for Education Statistics [NCES], 2010).⁴

The role of community colleges in educating health-care professionals is critical: A projected 2.7 million jobs will be open by 2018 in the field (Carnevale et al., 2010). More funding could assist in meeting the demand for nurses, allied health professionals, and other critical occupations.

Moving Forward

In July, 2009, the Obama administration announced its American Graduation Initiative (AGI), a plan to place community colleges at the forefront of the country's effort to regain global prominence in higher education attainment, with funding to help accomplish

the task. Some argued that such an action placed, for the first time in federal policy, one sector of higher education ahead of others. The analysis of fiscal inequities, contained in this brief, shows why the basic policy thrust of AGI was so appropriate—and overdue. But AGI was not enacted and, even if it had been enacted, it would have left stark funding disparities between community colleges and other sectors.

Community colleges are heavily dependent on the investment of federal, state, and local governments; however, increasing productivity by 50%, as envisioned by the Obama administration's call for five million more community college graduates, will be possible only if resources are significantly increased. The \$2 billion available to higher education as a result of the Health Care and Education Reconciliation Act of 2010 (Pub. Law 111-152) via the Community College and Career Training grant program is a strong start, but those funds can be viewed only as a down payment on needed federal investments that must be accompanied by a resolution of structural funding inequities.

Notes and References

Notes

- ¹ Although data for the most recent fiscal year has yet to be released, in some cases allocations to institutions from state governments have been held at FY 2006 levels because of maintenance-of-effort (MOE) provisions in federal policy while there have been double-digit increases in enrollments at community colleges, which I estimate has resulted in a decrease in dollars per full-time-equivalent student. For a discussion of MOE provisions see, Alexander, Harnisch, Hurley, and Moran (2010). For a discussion of enrollment increases, see Mullin and Phillippe (2009).
- ² Percentages were derived using methodology from Thomas and Orzag (2002); however, due to revisions in the Grapevine database (Palmer, 2010), derived values vary slightly from those reported by Kane and Orzag.
- ³ Data for the other \$7.6 billion were not available at the sector level and come from numerous federal departments and agencies. For more information, see Snyder and Dillow (2010, Table 375).
- ⁴ This percentage was derived from analysis of data from the Integrated Postsecondary Education Data System's Completions Survey (NCES, 2010).

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