Uncertain Recovery:
Access and Funding Issues in Public Higher Education

Findings from the 2010 Survey of the National Council of State Directors of Community Colleges

A Report by the Education Policy Center at The University of Alabama
by Stephen G. Katsinas, Ph.D.
and Janice N. Friedel, Ph.D.

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Dedication

The 2010 report is dedicated first to the late J. William Wenrich, who as Chancellor of the Dallas County Community College District, strongly encouraged Stephen G. Katsinas to initiate this survey while serving as Director of the Bill J. Priest Center for Community College Education at the University of North Texas in 2003. Second, Terrance A. Tollefson, our nation's leading expert on state community college governance and coordination, which coauthored this report each year since 2003. Third, George R. Boggs, President of the American Association of Community Colleges, whose strong support has helped produce such outstanding response rates. George and Terry have made major marks in our field, and on the occasion of their retirement, and we wish them both the very best in their future endeavors.

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Mission of the Center

The Education Policy Center, in support of the missions of the University and the College of Education, will inform and improve education policy-making and practice, and our understanding of the roles education plays in a free and equitable society, through a coordinated program of basic and applied research, topical and historical analyses of education-related issues, and services for educational practitioners and policy-makers in the State of Alabama and beyond.

On-Going Center Projects

The Alabama College Transfer Advising Corps is one of 10 national demonstration programs funded by the Jack Kent Cooke Foundation as part of the National College Advising Corps, a nationwide consortium of colleges and universities that aims to increase the number of low-income, first-generation, and under-represented students entering and completing higher education. The ACTAC is the only demonstration program working solely with community colleges. Under the leadership of UA Executive Vice President and Provost Judy Bonner, the ACTAC partners with 12 community colleges serving rural areas of Alabama with high rates of persistent poverty, placing recent UA graduates who serve as "near-peer" advisers to help community college students with academic program and institutional fit, admissions, and financial aid, to transfer to all senior-level colleges and universities. In our second full year of program operation (2009-10), ACTAC advisers reached over 18,000 community college students through peer counseling, workshops and outreach seminars, nearly double the number of last year.

The University of Alabama Superintendent's Academy is a collaborative effort between the University of Alabama College of Education and the Alabama State Department of Education under the leadership of Dr. Joseph B. Morton, Superintendent. The UASA seeks to create a more diverse, competent, and prepared applicant pool ready to assume systemwide leadership positions through professional development programming in law, finance, and instructional leadership, as required under Alabama Legislative Act 2006-12.

The Carnegie Basic Classification of Associate's Colleges. Steve Katsinas, David Hardy, and Education Policy Center Senior Fellow Vincent Lacey serve as Consulting Scholars to the Carnegie Foundation for the Advancement of Teaching, and are assisting the Foundation in the update of its 2010 Basic Classification.

College and University Enrollments, 1996 to 2025. This EPC report, to be released later in 2010, will present state-by-state data on traditional (ages 18 to 24), young adults (ages 25-34), and older adults (ages 35-64) from 1996 to 2025.

The National Defense Education Act. Wayne J. Urban's book The National Defense Education Act Reconsidered, was piublished by The University of Alabama Press and released in the Fall of 2010. The NDEA was authored by Alabama's Representative Carl Elliott and Senator Lister Hill. We are also conducting additional research on how NDEA loans and scholarships impacted the lives of the recipients.

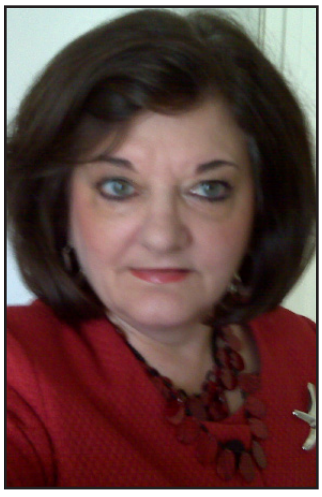
About the Authors

Stephen G. Katsinas

is director of the Education Policy Center at The University of Alabama. He served at Miami-Dade College, Oklahoma State University, and at the Universities of Toledo and North Texas, where he was an endowed professor at the Bill J. Priest Center for Community College Education. He is serving a second term as President of the Council for the Study of Community Colleges, co-chairs the National Scholars Panel of the Rural Community College Alliance, and has served on advisory committees for the Ford and W.K.Kellogg Foundations. He is co-principal investigator of the Alabama College Transfer Advising Corps, a program of the Jack Kent Cooke Foundation. The author of more than 60 publications, he has visited 400 colleges in 40 states. His interests are state and federal policy and history, governance, finance, and access. A consulting scholar for the Carnegie Foundation for the Advancement of Teaching, he co-chaired UA's application to the Carnegie Foundation for its Community and Curricular Engagement designation.

Janice N. Friedel

is a professor in the Educational Leadership and Policy Studies Department at California State University Northridge (CSUN). She joined the CSUN faculty in 2008 after 28 years of community college administration and leadership at both the state and institutional levels. She served as the Iowa Administrator of the Division of Community Colleges and Workforce Development from 1997-2008, as well as the Iowa Community College State Director on the National Council of State Directors of Community Colleges (NCSDCC). She also served as the chair of the NCSDCC. She was the Iowa State Director for Career and Technical Education and served on the board and executive committee of the National Association of State Director for Career and Technical Education. She has held a variety of administrative positions, which include the community college presidency and chief academic officer in single campus and multi-college community college districts. Her research interests are principally community college finance and policy and career and technical education.



Introduction

By: James E. McLean
Dean, College of Education
University of Alabama

On behalf of the College of Education at The University of Alabama, I am pleased to share Funding and Access Issues in Public Higher Education: A Community College Perspective, the 2010 survey conducted by the Education Policy Center at The University of Alabama. This annual report collects perceptions from the field regarding some of the most important issues facing higher education in our country today.

The perspective of the membership of the National Council of State Directors of Community Colleges is valuable. Their agencies have responsibilities for coordination, management, and supervision of institutions that serve the largest numbers of low-income, first-generation-in-college, and racial and ethnic minorities of any sector in our rich and diverse American higher education landscape. The knowledge and experience they have regarding funding and access issues extends to all sectors of education; they have a good sense of financing issues facing all higher education sectors and K-12 as well, as community colleges are the only postsecondary education sector that receives funding (as does K-12) from local property taxes.

The value that state directors place in this survey is reflected in the outstanding response rates received in recent, with 49, 49, 50 received in the past three years, and this year, for the first time ever, all 51 possible responses. We hope you will find this a useful report, and we invite you to call our Education Policy Center whenever we can be of assistance.

Acknowledgments

The authors wish to thank members of the National Council of State Directors of Community Colleges (NCDCC) for their participation and support of the Education Policy Center, College of Education, The University of Alabama; and the Michael Eisner College of Education, California State University, Northridge. We also thank the NCSDCC members and others who reviewed the survey draft. We thank James C. Palmer, professor of higher education at Illinois State University, for his assistance with developing initial surveys and prior survey administrations. Since 1999, he has edited the annual Grapevine survey of state appropriations to higher education, and edits Community College Review. Formerly, he was vice president for communications at AACC, assistant director of the ERIC Clearinghouse for Community Colleges at UCLA, and a past president of the Council for the Study of Community Colleges. With Katsinas, he co-edited Sustaining Financial Support for Community Colleges (2005). We especially appreciate the assistance of Ben Hardcastle of the Oklahoma State Regents for Higher Education, Katherine Boswell of the Academy for Educational Development, and David Baime, Vice President for Government Relations at the American Association of Community Colleges in reviewing the survey instrument.

The authors greatly appreciate American Public University for its generous donation to facilitate the development, publication, and dissemination of this survey. American Public University is an accredited, 100% online university offering a curriculum that includes more than 1,500 courses in more than 70 undergraduate and graduate degree programs. APUs convenient, asynchronous program delivery, combined with affordable tuition is the professional choice of over 70,000 students in a wide selection of career fields. For more information, please visit www.studyatapu.com/cc or contact Craig Gilman at cgilman@apus.edu or 703-334-3957.

The authors wish to thank the following individuals for providing reactions to the preliminary results of the 2010 study: Sandy Baum, Professor of Economics Emerita, Skidmore College and Advocacy and Policy Center, The College Board; Anthony P. Carnevale, Research Professor and Director, The Georgetown University Center on Education and the Workforce; Brent D. Cejda, Department of Educational Administration, University of Nebraska-Lincoln; Byron Cook, Director, Center for Policy Analysis, American Council on Education; Roger Goodman, Partner, The Yuba Group, New York; Zelema Harris, President, St. Louis Community College; Linda Serra Hagedorn, Professor and Interim Chair, Department of Educational Leadership & Policy Studies, Iowa State University; Daniel J. Hurley, Director of Policy Analysis, American Association of State Colleges and Universities; Michael McPhereson, President, Spencer Foundation; and Michael T. Miller, Associate Dean, College of Education, University of Arkansas.

The authors thank Education Policy Center Senior Research Fellows Frank Mensel and Vincent A. Lacey, and Research Associates Natalie Hebert, Harold Dale Windfield Robinson IV, and Amandeep Judge for their assistance with the analysis and presentation of this report. We also thank our colleagues at the Rural Policy Research Institute for the chart on US community colleges by 2005 Carnegie Basic Classification; and EPC Research Associate Matt DeMonBrun for the charts on current and projected enrollments We would also like to express our appreciation to David Ysais, Public Relatons Manager at Los Angeles Trade-Technical Community College, for use of the cover photograph.

Foreword

By: Charles N. Earl, Chair, NCSDCC, and Executive Director, Washington State Board for Community and Technical Colleges College Board

The National Council of State Directors of Community Colleges (NCSDCC) is pleased to support the publication of Uncertain Recovery: Funding and Access Issues in Public Higher Education, the 2010 Survey of the National Council of State Directors of Community Colleges.

Coordination and governance of state community college systems is highly varied across the 50 states. Some states have separate boards for each community college. Some have a single statewide board coordinating both two-year and four-year institutions. Other states have the same a statewide board that coordinates both K-12 education and the community colleges. In several states, a statewide board coordinates and serves as the sole governing board for all its community colleges.

Despite these differences in structure and governance, members of NCSDCC are well positioned to comment on issues of access and funding in within their education mission areas, other sectors of education, and in the state government. No sector of American higher education serves more first-time, low-income students than do the nation's community colleges.

At the state level, community college funding issues are never considered in a vacuum. Alone among education sectors, community college funding flows from both state appropriations and federally funded workforce training programs that are often matched by states and administered through non-education–related state cabinet agencies. In approximately half of the states, some or all community colleges receive funding from local government sources. Readers should be aware of a key difference existing across the states: in 25 states, local appropriations (usually from ad valorem taxes) exceed 10% and in 25 states they are lower than 10% and sometimes approach zero (Appendix A, below, provides this listing).

This report also provides insights about how states are delivering on the promise of access at a time when many states are seeing substantial growth in their high school graduation class sizes. The issues are important and many.

This year's special section focuses on three important issues: 1)serving workers impacted by the recession, 2) the impact of the new year-round Pell Grant, and 3) issues related to proprietary colleges. We believe that by comparing similarities and differences across our diverse states, insights can be gleaned, and issues and concerns can be highlighted and analyzed. A summary and powerpoint presentation of the 2010 results will be made available at the Education Policy Center Website.

I wish to thank the American Public University System for their generous gift to the Education Policy Center at the University of Alabama to support the publication of this study. Thanks also to the authors of this report, Stephen G. Katsinas and Janice R. Friedel, for their commitment to this important project, and the College of Education at The University of Alabama and California State University-Northridge for their support.

I would like to recognize two people, Terrance A. Tollefson and George R. Boggs, who will both be retiring this year. A former state community college director in Colorado and New Jersey, and former system vice chancellor in North Carolina, Terry assisted with this project each year since 2003. He retires as this nation's leading scholar on state community college governance and coordination issues. For the past ten years, George Boggs has served as President of the American Association of Community Colleges. George prodded many of us to participate in this important project each year, and we appreciate his commitment to this project. My colleagues at the National Council of State Directors of Community Colleges join me in thanking Terry and George for their contributions to our work over the years, and wish them both the very best. Finally, we thank the members of NCSDCC for working with Steve and Jan in the development of the survey instrument, and their active participation and continuing interest in this important project.

Executive Summary

"The persistent economic downturn is continuing to create tremendous challenges for community colleges across the country. College leaders are trying to deal with a surge in enrollment at the same time states are cutting funding support. Nationally, policy makers are calling on community colleges to increase the number of certificate and degree completers. In these difficult times, it is important for us to know what is happening in the states so we can be most effective in our advocacy efforts. I appreciate the work of Dr. Stephen Katsinas and his team and the responsiveness of the State Community College Directors in preparing this valuable report."

--George A. Boggs, President
American Association of Community Colleges

PART ONE: IN THE BUDGET YEAR JUST CONCLUDED (FY2009-2010)

Concerns over recession dominated the budget process in most states last year. *"Recession, producing a decline in state revenues," was* **by far** *the top-ranked budget driver in last year's state budget process.* Medicaid and ARRA Funding were tied for second, and no other item (including Higher Education) ranked over 50%. K-12 Education received its lowest rating since these surveys began in 2003 (dropping from 1st just two years ago to 4th with just 30 responses this year). With the sluggish recovery in many states and the end of ARRA funding, future prospects are problematic in most states.

Fewer report mid-year cuts than last year, indicating some recovery, but the average cut is larger in states reporting them.

Over half of all four public postsecondary sectors report mid-year cuts last year (FY2009-2010), but fewer than in FY2008-2009 (when cuts were reported by a 3:1 margin). Nearly as many report cuts in K-12 education (20) as not (24), with an average cut of 6.6%. *But the cuts were deeper for those states taking them.* Respondents from 28 of 50 states (56%) reported mid-year cuts at community colleges averaging 7.6%; mid-year cuts the year before (FY2008-2009) averaged 5.9% (34 states). At public regional universities last year, cuts averaged 5.7% (22 states), compared to 5.6% (31 states) the year before. At public flagship universities, mid-year cuts averaged 6.3% (25 states) last year, compared to 6.2% (33 states) the year prior.

With community colleges reporting more mid-year budget cuts than other of public higher education sector last year—including five of the largest states—concerns for access are troubling.

The unprecedented national publicity for community colleges has clearly not produced more state funding. **The uncertain fiscal situation in many states is underscored by the large number of states reporting across-the-board percentage budget cuts across all postsecondary sectors (15).**

Just 6 of 29 respondents report their states fully-funded their community college formulas, the lowest of any year recorded (none of the nation's 5 largest states were among the 6).

Tuition was raised in all postsecondary sectors in most states last year, on average at five times the rate of inflation, often on an across-the-board basis, especially in large states. Tuition increases were generally not used to cover the anticipated end of ARRA funding. For the year just ending (FY2009-2010) tuition was raised for community colleges in 44 states (86%), for regional universities in 36 states (88%), and for flagship universities in 41 states (89%). Reported mean tuition increases were higher in each postsecondary sector for the large "megastates."

PART TWO: PREDICTIONS FOR NEXT YEAR (FY2010-2011)

A. ENROLLMENT PRESSURES CONTINUE

Overview: Access pressures continue to increase as enrollment surges. According to a soon-to-be published Education Policy Center study, the numbers of 18 to 24 year olds in the American population will grow by 1 million, and the numbers of young adults ages 25 to 34 will grow by 3 million between 2009 and 2012. The twin demographic realities of all-time record graduation classes from high school of traditional aged students occurs alongside record growth of older students returning for retraining. *This "tidal wave" of students knocking at the door for access to postsecondary education programs and services will occur whether or not public postsecondary institutions are funded to serve them.*

Most public flagship and regional universities have not capped enrollment, but a number of large/fast growing states have, "pushing" students to accessible community colleges.

Public flagship university enrollments have not been capped in most states (34), but the 11 reporting caps include 4 of the nation's 5 largest megastates: *California, New York, Florida, and Illinois, as well as Georgia-University System of Georgia.* Public regional universities have not capped enrollments in most states (35), however the 7 reporting caps include 3 of the nation's 5 largest states: *California, Florida,* and *Illinois* (in 2008, just 4 states reported enrollment caps at their regional universities). Just one state, *California, reports capped community college enrollments, but California by itself enrolls more than 1 in 4 U.S. community college students.*

While most (28) predict their state's community colleges have sufficient capacity to accommodate current and future projections of high school graduates, a third (14) do not, including the megastates of *California, Georgia-University System of Georgia, Illinois, New York,* and *North Carolina,* as well as the fast growing states of Indiana, Nevada, and Utah. **While half of respondents (25) predict their community colleges have sufficient capacity to serve current and projected numbers of older returning adult students, nearly as many (18) do not,** including the megastates of *California, Illinois, New York,* and *North Carolina*; states with fast-growing Latino populations (Arizona, Nevada, and Utah); and some states in the industrial Midwest heartland hardest hit by the recession (Indiana, Michigan, and Missouri).

The enrollment of military veterans rising. Among those venturing an opinion, respondents from 24 states indicate "strongly agree" or "agree," and just 3 "disagree," a margin of 8 to 1.

Most believe distance learning can increase access despite budget woes (35 agree, 4 disagree).

Enrollment increases are predicted at community colleges in 35 states with an estimated average increase of 9%; no state reported an enrollment decline. Most large states and those with fast-growing Hispanic populations, and industrial Midwest heartland states serving workers in need of retooling in the recession, predict enrollment increases. *With 15 states predicting enrollment increases of 10% or more, combined with caps at many public flagship and regional universities,* **access pressure is increasing at the nation's community colleges.**

In almost every state (45 of 49 states), facilities funding (new construction and renovation) is a major need (no state disagreed), AND an overwhelming majority believe federal aid for facilities is needed for new construction and renovation (38 agree, 3 disagree)—including most megastates, states with fast-growing Hispanic enrollments, and the industrial Midwest.

All types of community colleges—rural, suburban, and urban—are predicted to face great fiscal strain next year (FY2010-2011), with rural community colleges facing greatest strain. In every survey since 2003, respondents predict their states' rural community colleges will face the greatest fiscal strain (due in part to low property tax wealth rural areas). Two years ago, however, for the first time a majority predicted their state's urban community colleges would face great fiscal strain, and *last year for the first time a majority of respondents agreed that all three types of community colleges—rural, suburban, and urban--as defined by the Carnegie Foundation for the Advancement of Teaching--would face great fiscal strain.* That 34 respondents (or 71%) indicate "strongly agree" or "agree" that their rural community colleges, 26 (or 59%) that their urban community colleges, and 24 (or 51%) that their suburban community colleges would face great fiscal strain **is a clear sign of fiscal weakness.**

Most predict that key community college functions, including General Education/Transfer and Vocational/Occupational/Technical Education will stay the same or see slight strengthening next year. The notable exception is Non-Credit Federal Training, which is predicted to weaken.

PART TWO: PREDICTIONS FOR NEXT YEAR

B. PREDICTIONS FOR STATE OPERATING BUDGETS, TUITION, & STATE-FUNDED STUDENT AID

State operating support for all education sectors is predicted to decline next year; 21 report all postsecondary sectors treated exactly or almost the same. The predicted average cut of 4% in state operating budget support for K-12 education was the largest reported decrease of any education sector. Respondents predict operating budget cuts for community colleges averaging 1.9% (43), 3.2% for HBCUs (14), 1.4% for regional universities (36), and 1.9% for flagship universities (39). **That 21 states predict similar state tuition policy across all postsecondary sectors (19 predicting exactly the same, 2 predicting within 1 percentage point, and 6 reporting no tuition increases), indicates that tuition is used as a state policy lever to make up for state budget shortfalls, and the severe fiscal challenge many states face next year.**

Tuition is predicted to rise at five times the inflation rate in all postsecondary sectors.

In each public postsecondary sector—community colleges, HBCUs, regional universities, and flagship universities—*both the mean and median predicted tuition increases* **were more than five times** *the 2010 Higher Education Price Index estimate of inflation of 0.9%.* By sector, the median projected/estimated increases for FY2010-2011 were 5%, 5%, 5%, and 6%, respectively; and the mean projections were 5.7%, 5.4%, 5.7%, and 6.6%, respectively.

Many states report tuition increases well above 10%. For community colleges, among the 46 respondents predicting tuition for next year (FY2010-2011), 40 predict increases, with 6 predicting 10% or more: *Georgia-Technical College System* (13%), Hawai'i (11%), Louisiana (10%), Mississippi (15%), *North Carolina* (18%), and Nevada (10%). Among the 13 respondents predicting tuition at HBCUs, 1 state, West Virginia, predicts no increase while Louisiana predicts a 10% increase. Among the 32 predicting tuition for regional universities, 5 predict no increases and 27 predict increases; among the 27 are 5 predicting increases above 10%: *Florida* (15%), *Georgia-University System of Georgia* (16.5%), Hawai'i (11%), Louisiana (10%), and Washington (14%). Among the 37 predicting tuition changes for flagship universities, 3 predict no increases and 34 predict increases; among the 34, 7 are above 10%: Arizona (11.8%), *Florida* (15%), *Georgia-University System of Georgia* (16.5%), Hawai'i (11%), Louisiana (10%), Nevada (10%), and Washington (14%). *That substantial tuition increases are occurring in many large states and states with fast-growing Hispanic student enrollments at a time when the inflation rate is less than 1% (the 2010 HEPI is 0.9%) suggests great uncertainty about level state funding for higher education operating budgets, as states again turn to students and families (via tuition increases) to maintain system-wide funding and/or to fund growth at a time of great competition for limited state tax funds.*

By a margin of over 2:1, conditions for success of the "high tuition/high aid" model—close alignment of tuition, appropriations, and financial aid policies—do not exist in most states (14 agree and 29 disagree). By a margin of more than 6:1 (7 to 40), respondents predict state investments in student aid will not keep pace with tuition increases, up from 28 in 2009; in contrast just 7 respondents indicate agreement compared to 14 in 2009.

Most states predict flat-funding for state-funded direct grant student aid for FY2010-2011. For *"high tuition/high aid" to work, every tuition increase must be accompanied by a corresponding increase in state need- or merit-based student aid, so academically talented, low-income students are not denied access.* In the first year of our surveys, FY2003, a recession year, all 46 reporting states indicated they were raising tuition, and just under half flat-funded or cut their state student aid programs. This year, with most states just beginning to emerge from the longest recession since the Great Depression, 10 of 40 respondents predict cuts, while 23 predict flat funding, and 7 an increase. **Just 7 states increased their state-assisted student aid above the 0.9% Higher Education Price Index; better than four of five (33) did not.**

PART TWO: PREDICTIONS FOR NEXT YEAR

C. IMPACT OF PELL GRANT FUNDING INCREASES

In overwhelming majority (45 of 50 responses or 90%) predict increasing the maximum Pell Grant to $5,550 will help low income students access community colleges.

None responded "strongly disagree," and just 3 "disagree."

A strong majority (39) believe the maximum Pell Grant increases will cover community college tuition increases, but that majority is smaller than last year (43). Respondents from 9 of the 10 largest states, and states with likely expansion of Hispanics in their high school graduation classes, excepting Colorado, were in agreement. With ARRA tuition caps coming off and state tax coffers not seeing sustained growth so far after the bottom of the economic downturn, significant concerns exist among state policymakers as to the ability of expanded Pell Grant funding to cover higher anticipated tuition.

Pell Grant increases will not cover state cuts or flat-funding of state student aid in more states this year (18) than last (14).

Most (25) believe making the Pell Grant program an entitlement will help community colleges reach academically talented, economically disadvantaged students, but less than last year (35). Last year, none of the 10 largest states responded in disagreement; this year, *Florida* disagrees, and three megastates are neutral—*Georgia-University System of Georgia, Illinois,* and *Texas,* likely reflecting pessimism regarding prospects for state funding for operating budgets.

In most states (24 in agreement, just 3 in disagreement), the new year-round Pell Grant bolstered 2010 summer enrollments, and a strong majority (29 in agreement, 1 in disagreement) believe the year-round Pell Grant will improve community college degree completion.

PART TWO: PREDICTIONS FOR NEXT YEAR

D. AS FEDERAL ARRA STIMULUS FUNDING ENDS, WHAT IS THE STATE BUDGET PICTURE NEXT YEAR?

By a 2:1 margin (11 "yes," 21 "no," and 16 not sure), most states have no plans for the end of ARRA funding, indicating the uncertainty regarding budget prospects for FY2010-2011.

Fewer predict mid-year operating budget cuts for community colleges this year than last. Last year, 25 of 50 predicted mid-year state operating budget cuts; this year, 13 predict likelihood to be very high or high, including *Florida, Georgia-Technical College System, Georgia-University System of Georgia,* and *North Carolina.*

An overwhelming majority (44 yes or 86%, 4 no, and 3 not sure) predict the lack of state revenues will be a major budget challenge, and budget gaps are predicted in three of four states (37) next year.

The end of ARRA (stimulus) funds is predicted to result in operating budget cuts in 21 states next year, while 21 predict "no" and 9 are not sure.

The funding situation for education is dire already in some states. K-12 school districts are owed unpaid funds (warrants) from state government or are borrowing to meet payrolls in 5 states (Alabama, *California*, *Illinois*, Minnesota, and Rhode Island); community colleges are owed unpaid funds (warrants) from state government or are borrowing to meet payrolls in 4 states (Alabama, California, *Illinois,* and Oregon); and public regional and flagship universities are owed unpaid funds (warrants) from state government in 1 state (*Illinois*).

Sluggish state tax revenues and Medicaid growth heighten structural deficit concerns.

Respondents indicate structural deficits in 29 states or 57%, including many large states (*California, Georgia-Technical College System, Illinois, North Carolina,* and *New York*). This correlates to concerns of growing Medicaid expenses: Among 8 responding megastates, 5 indicate "strongly agree" and 2 "agree" that Medicaid is a major budget driver in their state's budgeting process.

In the 37 states with budget gaps to close, strategies predicted most likely to be used are: *Across-the-Board Cuts* **(28, or 78%)**, *Deferring Maintenance* **expenditures (25 or 69%), followed by** *Targeted Program Cuts* **(23 or 64%),** *Cut/Reduce Out-of-State Travel* **(21 or 58%),** *Furloughs* **(21 or 58%), and** *Layoffs* **(20 or 56%).** Other leading strategies are *Increase Education-Related Fees* (17 or 47%), *Cuts in Technology Purchases* (16 or 44%), *Cuts to State Employee Benefits* (16 or 44%), *Privatize Key Services* (8 or 22%), *Early Retirement Buyouts* (7 or 19%), and *Salary Reductions* (5 or 14%).

PART THREE: SPECIAL SECTION

A. SERVING WORKINGS IMPACTED BY RECESSION

Overview: For community colleges, serving unemployed workers is an unfunded mandate with no dedicated revenue streams.

Last year, respondents reported that formal responsibility for workforce training through the Workforce Investment Act and other sources was assigned to community colleges in just four states (Delaware, Idaho, Rhode Island, and Virginia).

Just 1 in 10 states allow unemployed workers to attend community colleges tuition-free, and fewer allow unemployed workers free attendance this year than last. Respondents from 39 states report unemployed workers cannot attend community colleges tuition free, including 8 of the 10 largest, most with unemployment in excess of 10%, and most states in the industrial Midwest heartland. Last year, 11 respondents "strongly agreed" or "agreed" that unemployed workers can attend their state's community colleges tuition-free. *This year, however, only New Jersey indicated "strongly agree," and only three states—Michigan, Pennsylvania, and Rhode Island—indicated "agree."*

The lengthening recession is stressing the existing community college retraining capacity. By a margin of over 4:1, 35 respondents are in agreement and just 8 are in disagreement. Last year, 31 respondents were in agreement and 11 in disagreement. *Nine of the 10 largest states, and every state in the industrial Midwest* (including *Illinois*, Indiana, Iowa, Michigan, Minnesota, Missouri, *Ohio*, and Wisconsin) *report increased unemployment stressing the retraining capacity of their community colleges this year than last.*

High unemployment has overwhelmed workforce training dollars for community colleges (24 in agreement, 16 neutral, and 10 in disagreement); the 24 include *California, Illinois* and *North Carolina*, and most Midwest states.

High unemployment drives some to create new non-credit 'quick' job training programs, as community colleges lack funds to hire full-time faculty in high-demand/high-wage fields (17 in agreement, including *California, North Carolina, New York,* and *Texas*, and most of the states of the industrial Midwest heartland).

By over 2:1, respondents believe funding full-time faculty to staff higher cost programs that lead to high-wage jobs is challenging (31 in agreement, 13 in disagreement). Included in those states in agreement are *California, Illinois, North Carolina*, and *New York*, and most industrial Midwest states (Indiana, Iowa, Michigan, Minnesota, and Wisconsin).

B. FOR-PROFIT COLLEGE ISSUES

Enrollment is not growing faster at for-profit than community colleges in most states (25).

Kansas is the only state to respond "strongly agree," while 3 states "agree" (including *California* and *Georgia-Technical College System*).

A plurality of respondents believe for-profit colleges have grown as state support for public higher education has declined (10 in agreement, 18 neutral, and 19 in disagreement).

In most states, oversight of for-profit colleges is responsibility of state agency (10 in agreement, 32 in disagreement), and most believe state-level oversight of for-profit colleges is not strong (11 in agreement, 26 in disagreement). Among states indicating disagreement are *California, New York, both Georgia systems, Illinois,* and *Ohio*. In the northeastern United States, where private non-profit higher education has been strong, just two states indicate strong state-level oversight of for-profit colleges.

C. THE COLLEGE DEGREE COMPLETION AGENDA AND RELATED ISSUES

State-level degree completion is receiving increased attention in most states (46 or 92% agree, just 2 disagree), and campus-level degree completion is receiving increased attention in the states (44 agree, and 3 disagree).

Legislation allowing community colleges to deliver 4-year degrees does not exist in most states (40 disagree, and 9 agree). The 9 states indicating agreement include the fast growing states of *Florida*, Nevada, *Texas*, and Washington. **Legislation allowing four-year degrees at community colleges is not likely to soon pass in most states (2 agree, 37 disagree).**

New data collection systems to track student success are being developed in most states (45 agree, 1 disagrees).

Community colleges and non-public providers partner in a plurality of states (22 agree, 15 disagree) to expand capacity.

By more than a 5:1 margin, most believe that to achieve President Obama's goal of dramatically expanding numbers of adult Americans with college degrees requires expanding community college capacity (36 or 72% are in agreement, or 7 or 14% are in disagreement).

Increasing graduation rates in most states is unlikely with budget cuts. Among the 40 respondents venturing an opinion, 30 are in agreement (60%) and 10 are in disagreement (20%).

"The report provides an excellent snapshot of the community college system under stress. It raises difficult questions about the near future in community college funding, especially after 2011"

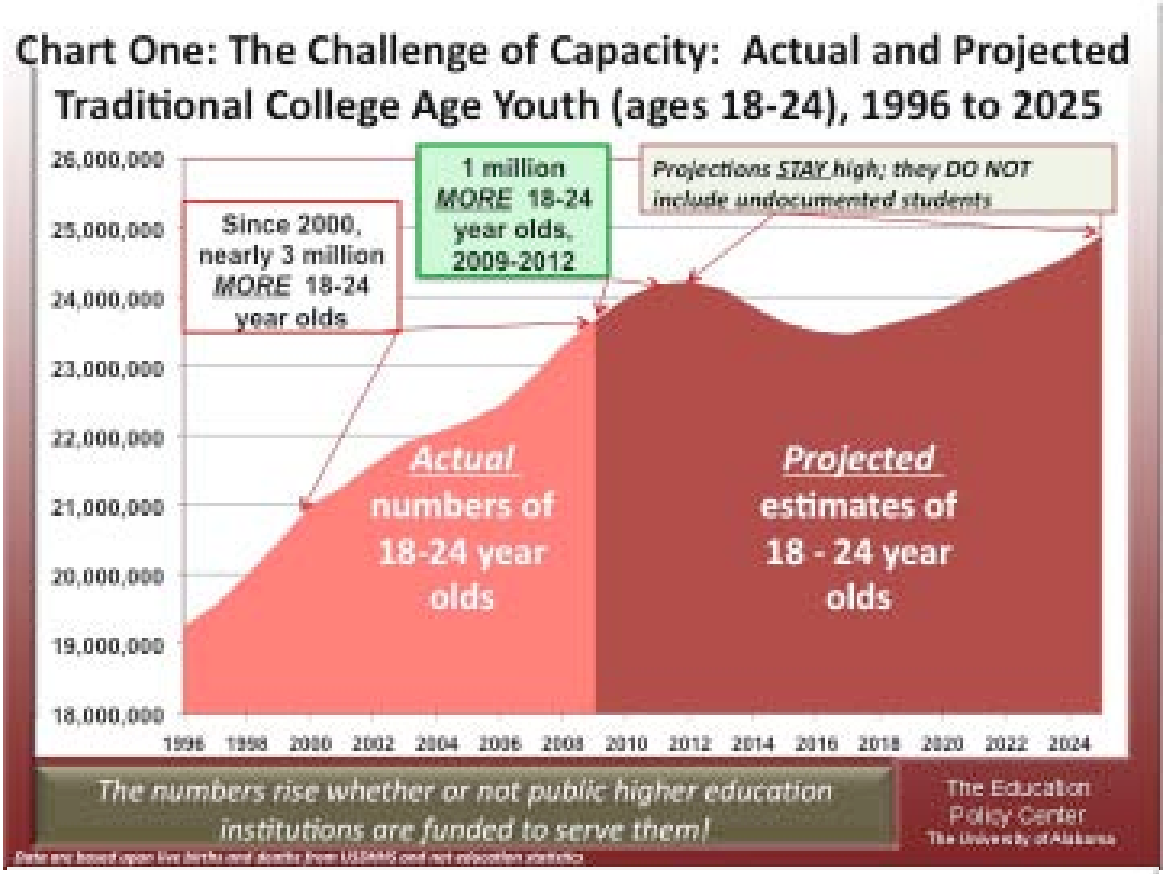
--Anthony P. Carnevale, and Director, The Georgetown University Center on Education and the Workforce

Context for the 2010 Survey

Introduction: All-time Record Enrollments

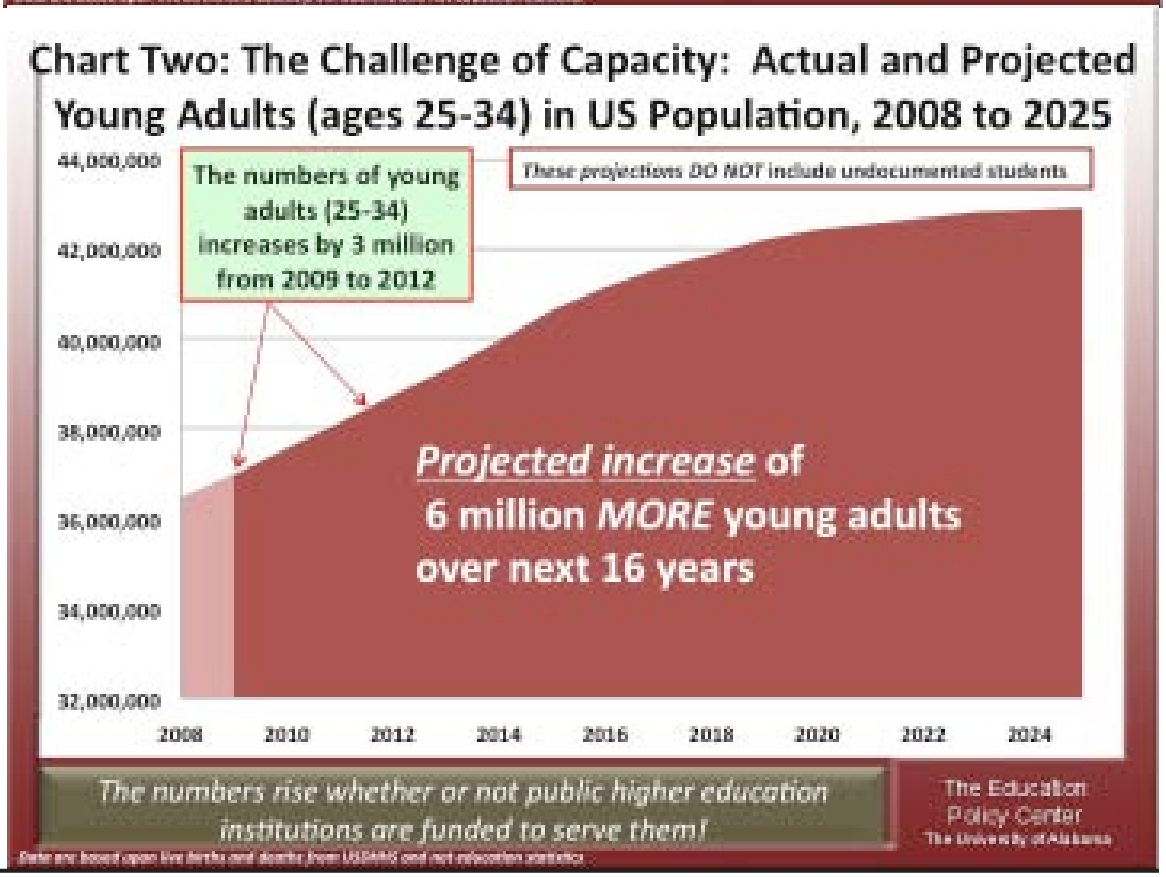
By: Stephen G. Katsinas

For public colleges and universities, the current economic recession comes at a time of all-time record enrollments. As will be shown below, between 2009 and 2012, the number of traditional college-age Americans ages 18 to 24 years old will grow by one million, and the number of young adults ages 25 to 34 will grow by three million (DeMonBrun, 2010, forthcoming). **This demographic fact will occur no matter what policies are instituted at the federal and state governments to accommodate them.** This is the backdrop for our 2010 report, a barometer of access and funding issues across the United States of America.



A Demographic Imperative and the Stress on System Capacity

Chart 1 shows the numbers of persons ages 18 to 24 in the US population is at an all-time historic record high. This "Tidal Wave II" of traditional aged students, first predicted by the late Clark Kerr in 1994, grew from 19.3 million in 1996 to over 23.7 million in 2009, and will grow by 1 million more from 2009 to 2013. Similarly, as Chart 2 shows, the numbers of young adults ages 25 to 34 in the US population, which also is already at an all-time



record high, will grow by 3 million between 2009 and 2012, and by 6 million from 2009 to 2025 (DeMonBrun and Katsinas, 2010, unpublished data). *It is important to note these data count live births and deaths, not high school graduation estimates* (the Education Policy Center will soon release a report that documents America's college age population by three major groupings, 18-24 year olds, 25-34 year olds, 35-64 year olds, and the entire 18-64 population, for each state and the nation).

It is against this backdrop of all-time record numbers of persons knocking on the door of higher education that our 2010 survey was conducted. Our 2009 report asked respondents if public flagship universities in their states had capped enrollments. While most (28) reported "disagree" or "strongly disagree," 12 reported "strongly agree" (*California, Florida, Illinois*, Indiana, and Washington) or "agree" (Colorado, Connecticut, Delaware, *New York, Texas,* Vermont, and Wisconsin). Similarly, most respondents (29) indicated that their public regional universities had not capped their enrollments, but the 7 indicating "strongly agree" or "agree" included *California, Florida, Illinois,* Washington, Connecticut, *New York*, and Wisconsin. **Put differently, the 12 reporting enrollment caps at their public flagship universities included all five of our nation's largest states, and the 7 reporting enrollment caps at their public regional universities included four of our nation's five largest states.** These data confirmed what many have known for years: Many large public flagships including the Universities of California-Berkeley, Illinois, Michigan, and Texas-Austin effectively capped their undergraduate enrollments during or shortly after the "baby boom" of 1965-1973.

Thus, in many states, the pressures on community colleges and regional universities to accommodate rising numbers of students knocking at the door are both enormous and growing. In 2009, when we asked if states had sufficient capacity to serve current and projected numbers of high school graduates, 25 indicated agreement, but a third of the respondents from 16 states were in disagreement. Among those in disagreement were California, which enrolls one in four US community college students, New York, and Georgia's University System, as well as Arizona, Connecticut, Delaware, Indiana, Kentucky, Massachusetts, Maryland, Maine, Michigan, Nevada, Oregon, Tennessee, and Utah. When asked if their state's community colleges had sufficient capacity to serve current and projected numbers of older returning adults, in 2007, 14 indicated disagreement, while last year 20 did so (43%). Only a plurality indicate they possess sufficient space to serve older and returning adults, a clear indication that the recession was stressing overall system capacity. The 20 respondents indicating that they lack sufficient capacity included large states and many of those with fast-growing Latino populations, such as Arizona and Nevada, and those of the industrial Midwest heartland with high unemployment such as Michigan.

Building Capacity: Facilities

On July 14, 2009, two weeks after our 2009 survey had been distributed to the states, President Obama announced his $12.5 billion American Graduation Initiative (AGI) to create 5 million more community college graduates by 2020. The AGI would create a community college challenge fund, including funds for strategies to promote college completion and modernize facilities. The White House press release notes: "Often built decades ago, community colleges are struggling to keep up with rising enrollments. Many colleges face large needs due to deferred maintenance or lack the modern facilities and equipment needed to train students in technical and other growing fields. Insufficient classroom space can force students to delay needed courses and reduce completion rates...." President Obama proposed a new $2.5 billion fund to catalyze $10 billion in community college facility investments that could be used to pay the interest on bonds or other debt, seed capital campaigns, or create state revolving loan funds (2009). Our *2007 Survey of Finance and Access*, to which 49 NCSDCC members responded, included a special section on facilities. When asked if deferred maintenance at community colleges in their states had changed in the past five years (since FY2002-2003), 10 state directors (22%) reported significant increases, 24 said increases (52%), and 12 (26%) reported an amount about the same. Seven of eight reporting state directors from megastates indicated significant increases. **No state director reported a decrease in deferred maintenance in the prior five years** (Table 13, 2007 Survey). Given the pre-eminent role of instruction at community colleges, it is not surprising that the top four most pressing facilities needs at community colleges identified by state directors were all instruction-related: (1) lab space (43 respondents), (2) general classroom space (34 respondents), (3) computer lab space and (4) office space (Table 14, 2007 Survey). Sadly, the facilities revolving fund proposal was removed from the legislation as it neared the end of the process in the spring of 2010.

We note that few rigorous studies of the nation's facilities needs exist. One such study was conducted by Derrick A. Manns, Director of Education Programs for the Louisiana State Associate Provost at Massachusetts Bay Community College in 2001, and re-run in 2006 with Katsinas. Manns found that (1) a majority of states do not have statewide facilities master plans, (2) deferred maintenance is a major issue, and growing worse, and (3) comparative data across the states is a challenge. As Manns and Katsinas note, "…an overwhelming majority of states do not set aside operating funds for renewal and replacement of public higher education facilities, as suggested by facilities experts." (2006).

It is therefore not surprising that our recent state community college directors' surveys have shown overwhelming agreement that facilities represents a major need in most states, and that federal support would be helpful. It is worth noting that the federal government made significant investment in the nation's public higher education physical infrastructure to serve the World War II GIs through the Surplus Property Act of 1946, which brought Quonset huts to the nation's campuses, and the Baby Boom through the Higher Education Facilities Act of 1963, which became Title VII of the Higher Education Act of 1965. Currently, we are faced with a major enrollment boom where the federal government has made no substantial facilities investment to expand system capacity.

An Uneven, Sluggish Recovery

Last year, FY2009-2010, saw continued tumult in the financial world with limited recovery, albeit sluggish in many states. The National Bureau of Business Economists, which officially marks recession periods, noted that the recession's bottom point occurred in June 2009, after which a slow recovery began. That same nonpartisan group noted that the current recession is the longest recession since the Great Depression of the 1930s.

Our 2008 survey showed significant weakening of state funding for public higher education including community colleges from 2007, a relatively good year in most states. By the time of our 2009 survey, however, unemployment rates had zoomed into the double-digits in many states, accompanied by unprecedented steep declines in state tax revenues, with two consecutive declines in excess of 7%. Not surprisingly, as respondents looked back last summer to the year just ending (FY2008-2009), "recession, producing a decline in state revenues" was the highest ranked state budget driver, with 43 of 47 respondents indicating "strongly agree." **Our 2009 survey found federal investment to the states through the American Recovery and Renewal Act accomplished their intended purpose, and that stimulus funds were used as intended, to backfill state funding cuts. The ARRA funding clearly prevented a bad situation from becoming much, much worse.** But even last year, there was significant concern about what would happen in FY2010-2011, when the ARRA funding would run out. Clearly, public colleges and universities at all levels are challenged to accommodate the all time record growth in traditional college-aged and young adults, a demographic reality that will occur whether or not our public community colleges, public master's colleges and universities, and public doctoral granting institutions are funded to serve them. *Furthermore, within the community college sector, serious concerns existed regarding the ability to maintain an open door while serving the millions of unemployed workers in need of retraining, in that, for community colleges* **this vital function is effectively an unfunded mandate.**

State Disinvestment Predates the Recession

We note that the long-term decline in state revenues for public higher education operating budgets was underway even before our first Survey in 2003. In their analysis of revenue and expenditure patterns of community colleges across the fifty states from FY1980-81 to FY2000-01, Roessler, Katsinas, and Hardy (2006) found:

- In 1980-81, 16 states contributed 60% or more of total revenues for their community colleges; in 2000-01, none did.
- In 1980-81, 22 states contributed at least half of all revenues for community colleges, and enrolled 55% of all students. By 2000-01 only 7 states did so, enrolling just 8% of community college enrollments.
- Funds from federal, state, local, and private contracts and grants, including workforce training, rose from 1980-81 to 2000-01, but did not make up for state appropriations cuts.
- States with local funding tended to have deeper cuts in state funding, and states with no local funding tended to raise tuition more.
- Higher education operating budgets have seen deeper cuts in the 25 states with substantial local funding than in the 25 states without across all sectors, as states pressure the institutions to supplant state cuts with tuition revenues (Delta Project). For community colleges, low-wealth, rural areas of states with local funding have been especially hard hit.

Thus, while divergence in revenue patterns for community colleges exists across the 50 states, the downward spiral in state funding is unmistakable. Operating budgets are clearly not expanding to serve larger numbers of high school graduates, or for the general education/transfer function, not to mention expanded job training (Katsinas, 2005). Funds from local taxes (if available), and funds from tuition and fees have not made up for deep state cuts. Workforce training funds have increased, providing worthy projects for communities and institutions; but they are for purposes other than undergraduate instruction that historically has been supported by state funds (Katsinas, 2005). At a time that states should be increasing funding, state disinvestment has occurred.

Declining State Tax Revenues

Our 2009 report included Chart Two, "State Tax Revenue, 1999-2009" from the Henry J. Kaiser Foundation (2009, June), based on quarterly summaries of state tax revenues from the US Bureau of the Census. Following the collapse of the "dot.com" bubble in 2001, while state tax revenues declined signifi¬cantly throughout 2002 and into early 2003, they recovered fairly quickly. As late as the 2nd quarter of 2008, state tax revenues were increasing by about 5%. They declined by 4% in the 3rd quarter of 2008, and then fell off the table, declining by 7% in both the 4th quarter of 2008 and the 1st quarter of 2009. The decline of 11.8% represents the worst of any quarter over the past decade (Kaiser Commission, 2009). The Kaiser Commission estimated that each percentage point increase in the national unemployment rate produces a decline of between 3 and 4% in state tax revenues, a million additional Americans in the Medicaid and the State Children's Health Insurance Programs, and 1.1 million uninsured. "Due to the program's matching structure, states must cut at least $2 in program spending to save $1 in state Medicaid spending. Given the loss of federal revenues and jobs, cutting Medicaid during a downturn will negatively affect the economy" (Kaiser, 2009, p.2). Since Medicaid has historically been formula-funded--the absolute floor is based upon a state's per capita income of 50% up to a maximum of 76%--the relative inflexibility of state matches for Medicaid directly impact the budgeting process in most states, as the Medicaid match is taken "off the top." This explains why state community college directors consistently rate Medicaid at or near the top as a key state budget driver in every survey we have conducted.

Busting at the Seams: Enrollment Growth Since 2000

Chart Three shows both the number of institutions and the dramatic recent enrollment growth by type of access institution. Associate's Colleges are charted using the new 2005 Carnegie Basic Classification applied to US Department of Education NCES/IPEDS data (note: The 2005 Carnegie Basic Classification codes for all Associate's Colleges are embedded in all IPEDS data modules), while the Carnegie Public Master's Colleges and Universities are re-classified using Kinkead's 2009 scheme, which applies the geographically-based Associate's Colleges classifications to the Carnegie public MCU sector. **Enrollment at all Associate's College types grew by more than 2.3 million students or 31%, and enrollment at all public Master's Colleges and Universities grew by nearly 700,000 students over the past seven years.** From the 2000-01 to 2006-07 academic years, Associate's Colleges in Urban areas grew by 607,489 students or 23%, Associate's Colleges in Suburban areas grew by 676,788 students from 2000-01 to 2006-07, and Associate's Colleges in Rural areas grew by 1,022,097or 42 percent. While all college types grew significantly, the rural sector captured the greatest percentage of growth in both sectors, comprising 44% of all growth across Associate's Colleges, and 57% of all growth across Master's Colleges and Universities, a clear indication of pent-up demand, as the information age has come to rural America.

Chart Four, on the following page, shows the average growth at each type of public Associate's College and Master's College and University. **The average increase across all Associate's Colleges was 2,370, the size of a typical small community college.** Similar average growth can be found across the Master's Colleges and Universities. **That Tidal Wave II is challenging the capacity of the nation's public access institutions to serve all-time record enrollments comes as no surprise.**

Chart Three:
Seven Years' Enrollment Growth at US Public Associate's Colleges, 2000-01 to 2006-07

2005 Carnegie Basic Classification	INSTITUTIONS		Annual Unduplicated Headcount		Seven Year Enrollment Growth		
			2000-01	2006-07			Percent of
	Number	Percent	Total	Total	Number	Percent	all growth
ASSOCIATE'S COLLEGES							
Rural Small	136	14%	140,706	198,485	57,779	41%	3%
Rural Medium	305	31%	890,587	1,431,953	541,366	61%	23%
Rural Large	143	15%	1,361,224	1,784,176	422,952	31%	18%
Total Rural	**584**	**60%**	**2,392,517**	**3,414,614**	**1,022,097**	**43%**	**44%**
Suburban Single Campus	110	11%	1,032,566	1,350,457	317,891	31%	14%
Suburban Multi-Campus	100	10%	1,333,976	1,692,873	358,897	27%	15%
Total Suburban	**210**	**22%**	**2,366,542**	**3,043,330**	**676,788**	**29%**	**29%**
Urban Single Campus	32	3%	203,254	427,926	224,672	111%	10%
Urban Multi-Campus	147	15%	2,396,597	2,779,414	382,817	16%	17%
Total Urban	**179**	**18%**	**2,599,851**	**3,207,340**	**607,489**	**23%**	**26%**
Grand Total	**973**	**100%**	**7,358,910**	**9,665,284**	**2,306,374**	**31%**	**100%**
MASTER'S COLLEGES AND UNIVERSITIES*							
Rural Small	26	10%	98,731	127,691	28,960	29%	4%
Rural Medium	46	17%	208,844	277,729	68,885	33%	10%
Rural Large	91	34%	576,986	873,757	296,771	51%	43%
Rural Total	**163**	**61%**	**884,561**	**1,279,177**	**394,616**	**45%**	**57%**
Suburban Smaller	15	6%	74,445	87,047	12,602	17%	2%
Suburban Larger	41	15%	386,395	546,118	159,723	41%	23%
Suburban Total	**56**	**21%**	**460,840**	**633,165**	**172,325**	**37%**	**25%**
Urban Smaller	13	5%	103,294	120,746	17,452	17%	3%
Urban Larger	33	12%	368,585	474,791	106,206	29%	15%
Urban Total	**46**	**17%**	**471,879**	**595,537**	**123,658**	**26%**	**18%**
R, S, & U Total	**265**	**100%**	**1,817,280**	**2,507,879**	**690,599**	**38%**	**100%**

*** Using Kinkead's 2009 Re-Classification of Carnegie Public MCUs according to same Geographic-Based Carnegie 2005 Classification of Associate's Colleges.**
Data Source: NCES/IPEDS 2008 Collection Year

"My work with urban community college districts has revealed that the student to counselor ratio is typically more than 1,000 to one. This report clearly points to the need for increased funding for programs and services aimed at making baccalaureate attainment an achievable goal for the upcoming tidal wave of community college students."

-Linda Serra Hagedorn, Professor and Department Chair at Iowa State University, and president-elect of the Association for the Study of Higher Education.

Chart Four:
Average Enrollment Growth at Public Associate's Colleges and Master's Colleges and Universities, 2000-01 to 2006-07

ASSOCIATE'S COLLEGES	Average Annual Unduplicated Headcount Enrollment			
2005 Carnegie Basic Classification	Average		CHANGE	
	2000-01	2006-07	Number	Percent
Rural Small	1,035	1,459	424	41%
Rural Medium	2,920	4,695	1775	61%
Rural Large	9,519	12,477	2958	31%
Total Rural	**4,097**	**5,847**	**1750**	**43%**
Suburban Single Campus	9,387	12,277	2890	31%
Suburban Multi-Campus	13,340	16,929	3589	27%
Total Suburban	**11,269**	**14,492**	**3223**	**29%**
Urban Single Campus	6,352	13,373	7021	111%
Urban Multi-Campus	16,303	18,908	2605	16%
Total Urban	**14,524**	**17,918**	**3394**	**23%**
Total	**7,563**	**9,933**	**2370**	**31%**
MASTER'S COLLEGES AND UNIVERSITIES*				
	Average		CHANGE	
	2000-01	2006-07	Number	Percent
Rural Small	3,797	4,911	1114	29%
Rural Medium	4,540	6,038	1498	33%
Rural Large	6,341	9,602	3261	51%
Rural Total	**5,427**	**7,848**	**2421**	**45%**
Suburban Smaller	4,963	5,803	840	17%
Suburban Larger	9,424	13,320	3896	41%
Suburban Total	**8,229**	**11,307**	**3078**	**37%**
Urban Smaller	7,946	9,288	1342	17%
Urban Larger	11,169	14,388	3219	29%
Urban Total	**10,258**	**12,946**	**2688**	**26%**
R, S, & U Total	**6,858**	**9,464**	**2606**	**38%**

*** Using Kinkead's 2009 Re-Classification of Carnegie Public MCUs according to same Geographic-Based Carnegie 2005 Classification of Associate's Colleges.**

Data Source: NCES/IPEDS 2008 Collection Year

Chart Five, prepared by Education Policy Center Fellow John Clinton Kinkead based upon data from the U.S. Department of Education/National Center for Education Statistics' Integrated Postsecondary Education Data System, applies the new 2005 Carnegie Basic Classification and his own reclassification of the Carnegie public Master's Colleges and Universities to see how different racial and ethnic groups are spread across public institution types. Here, our focus is on undergraduate enrollments at public and not private institutions of higher education, because of the access mission assigned to them by the fifty states. The new Carnegie Basic Classification uses annual unduplicated headcount--the total number of for-credit human beings served--the real world higher education administrators live in, not full-time equivalent students. In the real world, community college leaders must plan for peak usage periods of parking, counseling services, and computers based on human beings, not FTEs. Finally, we note the limitation that these data do not include the millions of credits generated by non-credit workforce training programs.

Chart Five specifically shows America's community colleges serve as a portal of entry into higher education for millions of Americans. Of the 16 million annual unduplicated headcount students enrolled at public institutions of higher education in the United States, 3.3 million or 20% were enrolled at doctoral granting universities, 2.5 million or 16% were enrolled at public Master's Colleges and Universities, just under 600,000 or 4% were enrolled at Baccalaureate Colleges, and **nearly 10 million or 60% were enrolled at Associate's Colleges.**

By race and ethnicity, more students from the nation's two largest minority groups, African Americans and Hispanics, were enrolled at public Master's Colleges and Universities than at public Doctoral-Granting Universities, despite the fact that total undergraduate enrollment at Doctoral Granting Universities exceeded that of the Master's institutions by about three quarters of a million students.

Chart Five:
2006-2007 Unduplicated Credit Student Headcount by Race and Ethnicity and by Major Carnegie Sector

Major Carnegie Classes	Total	White	African American	Hispanic	Asian/ Pacific Islander	American Indian/ Alaskan Native	Race Unknown	Non-Resident Alien
Doctoral Granting	3,252,883	2,150,353	312,794	257,705	258,166	29,288	160,306	84,271
Master's Colleges and Univ.	2,507,879	1,536,464	333,461	264,802	137,508	26,401	149,547	59,696
Baccalaureate Colleges	589,259	377,225	75,920	66,722	21,044	8,761	26,128	13,459
Associate's Colleges	9,665,283	5,525,379	1,257,880	1,393,112	619,886	98,421	644,570	126,035
Total	**16,015,304**	**9,589,421**	**1,980,055**	**1,982,341**	**1,036,604**	**162,871**	**980,551**	**283,461**
Expressed as a Percentage at Each Institutional Type								
Doctoral Granting	100%	66%	10%	8%	8%	1%	5%	3%
Master's Colleges and Univ.	100%	61%	13%	11%	5%	1%	6%	2%
Baccalaureate Colleges	100%	64%	13%	11%	4%	1%	4%	2%
Associate's Colleges	100%	57%	13%	14%	6%	1%	7%	1%
Total	**100%**	**60%**	**12%**	**12%**	**6%**	**1%**	**6%**	**2%**
Expressed as a Percentage of Each Group								
Doctoral Granting	20%	22%	16%	13%	25%	18%	16%	30%
Master's Colleges and Univ.	16%	16%	17%	13%	13%	16%	15%	21%
Baccalaureate Colleges	4%	4%	4%	3%	2%	5%	3%	5%
Associate's Colleges	60%	58%	64%	70%	60%	60%	66%	44%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

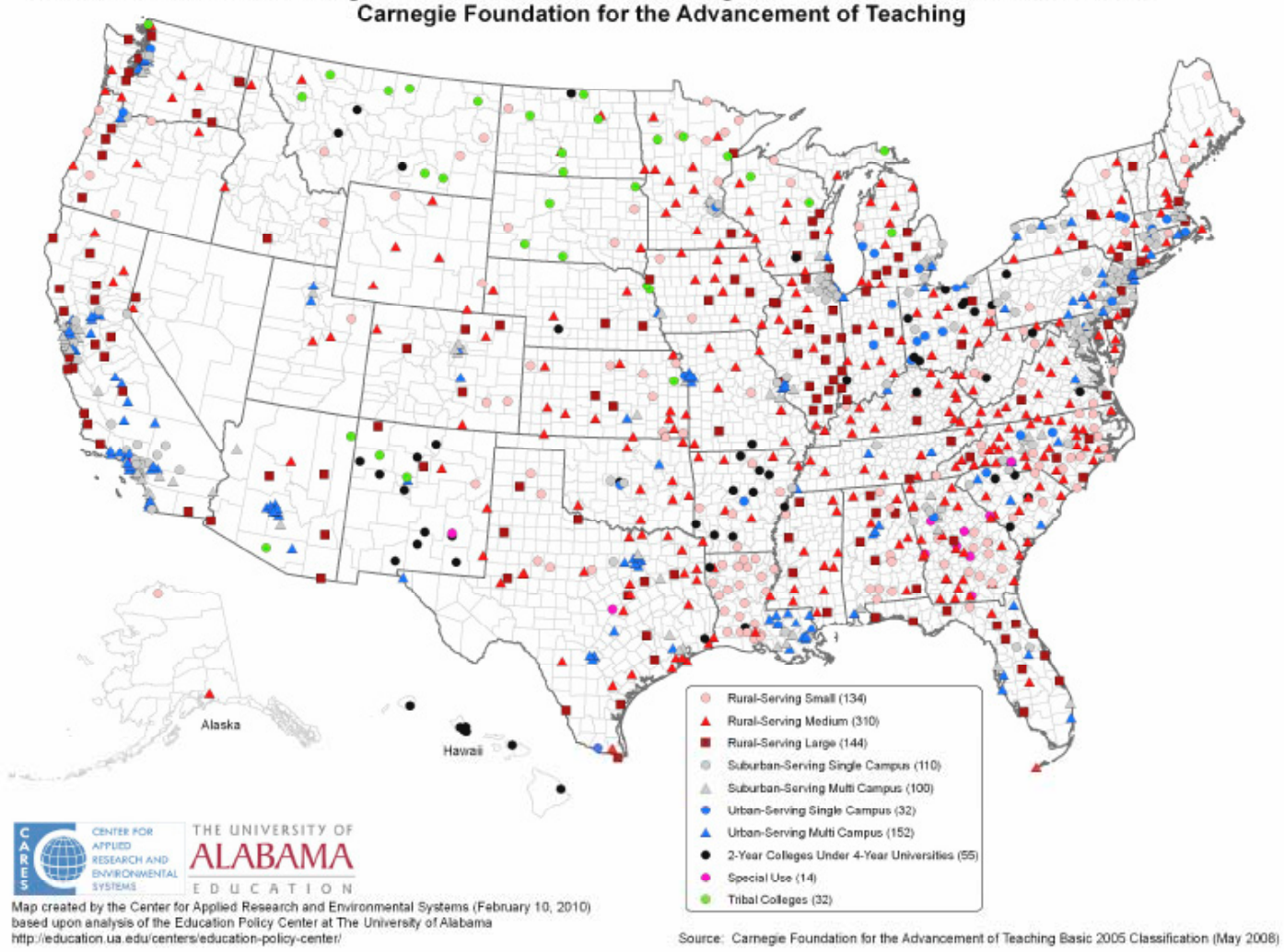
Data Source: NCES/IPEDS 2008 Collection Year, Compiled by Katsinas & Kinkead (2010)

Further, by race and ethnicity, the lion's share of each group was enrolled at Associate's Colleges: 58% of Whites, 64% of African Americans, 70% of Hispanics, 60% of Asian and Pacific Islanders, and 60% of American Indians and Alaskan Natives. **The enrollment of African American and Hispanics at Associate's Colleges was roughly double that of the public Doctoral Granting and Master's College and Universities** *combined*. **This analysis clearly shows the role community colleges play as a portal of entry into US higher education for millions of Americans.**

Solving the Problem of Imprecise Federal Data

The challenge of assessing facilities needs at U.S. community colleges is compounded by the inability of the federal government to identify exactly how many community colleges actually exist. The major data system for federal reporting, the National Center for Education Statistics' Integrated Postsecondary Education Data System, counts community colleges by units of accreditation. For example, the five-campus Tarrant County College District in Fort Worth, Texas, accredited by the Southern Association of Colleges and Schools as a single institution, sends one piece of data to IPEDS, while neighboring Dallas County Community College District with seven separately accredited campuses sends seven separate pieces of data to Washington. A geographically-based classification is justified because most states formally assign service delivery areas to their rural, suburban, and urban two-year colleges. Further, community college scholars have long known most students transfer to four-year institutions geographically proximate to the sending two-year colleges. If federal policies are to dramatically increase America's adult baccalaureate degree attainment rates, more policy attention to this critical inter-institutional relationship is essential, particularly in large states where our past surveys report caps in enrollment at public flagship that may date to the baby boom of 1965-1973, and public regional universities as well. To improve the precision of community college research, the Carnegie Foundation for the Advancement of Teaching unbundled this accreditation issue in its 2005 Basic Classification, which for the first time classified Associate's Colleges (CFAT, 2006; Hardy & Katsinas, 2006).

CHART 6: Associate's Colleges in the United States According to the 2005 Basic Classification of the Carnegie Foundation for the Advancement of Teaching



Map created by the Center for Applied Research and Environmental Systems (February 10, 2010) based upon analysis of the Education Policy Center at The University of Alabama http://education.ua.edu/centers/education-policy-center/

Source: Carnegie Foundation for the Advancement of Teaching Basic 2005 Classification (May 2008)

What Does It All Mean?

By: Janice N. Friedel

These survey responses represent the opinions of the members of the National Council of State Directors for Community Colleges (NCSDCC) regarding access and funding issues related to public higher education. Their pivotal roles in representing and advocating on behalf of their state's community colleges--the sector "in the middle" of both elementary and secondary education, and our four-year regional and flagship universities—qualify them well to comment on issues of access and funding across all public educational sectors. Further, their positions give them good perspective on the many and varied fiscal and policy pressures placed on their states, for education policy is never made in a vacuum. The 100% response rate is clear recognition that NCSDCC members attach to the importance of this survey and to their organization.

Have we seen the worse of times? On September 20, 2010, the National Bureau of Economic Research affixed the bottom point of the current recession as June 2009 (NBER, 2010), and today we see signs that the recession is receding. Still, the short-term budget picture and the cumulative effects of the deep recessionary cuts over the past several years forecast an austere year ahead that will continue to erode the access mission of our nation's community colleges. The overall tone of the state directors is one of caution, guarded optimism alongside great uncertainty as to the recovery of state tax receipts which fund the operating budgets of higher education access institutions.

The recession will continue to be the top concern. For the vast majority of states, the lack of state revenues will present a major budget challenge next year, with gaps between projected revenues and expenditures producing a predicted budget gap in 37 states next year. While funding states received from the federal government through the American Recovery and Reinvestment Act (ARRA) made a substantial, positive difference over the past two years (FY2008-2009 and FY2009-2010) in preventing a bad situation from becoming much worse, most respondents are very concerned about what will happens when these funds are spent. With ARRA funding ending next year, that only 11 respondents (23%) indicate their state even has a plan for post-ARRA funds is unsettling. The survey results indicate that most states have failed to realize that it is when resources are scarce that planning is most critical - a plan provides focus, defines priorities and choices. When educational priorities have been established through planning, it makes it easier to allocate the scarce resources. Suspending travel funds, implementing furloughs and temporarily laying off employees are at best "short-term fixes." As Anthony P. Carnevale, Director of the Center on Education and the Workforce at Georgetown University notes, "From a planning perspective, 59% of the state directors did utilize targeted program cuts to save funding, a strategy that suggests a longer term view of the economic recession."

System capacity is a major challenge, particularly at a time of cuts in state operating budget cuts. Chart Seven summarizes predicted changes in community college enrollment, enrollment caps by type of higher education sector (flagship universities, regional universities, and community colleges), and predicted changes in state operating budgets. The first column in Chart Seven shows respondents from 35 states predict an increase averaging 9%, while 16 were not sure, and none predicted an enrollment decline. In the second column, respondents from 11 states--including 4 of the nations five largest--predict flagship university enrollment caps, and respondents from 7 states predict regional university enrollment caps including three of the nation's five largest states. While only one state indicates capped community college enrollments, that one state is California, whose massive community college system enrolls one in four US community college students. Of the 43 respondents making predictions for their public community college operating budgets next year (FY2010-2011), 21 predict cuts, 6 predict flat-funding, and 16 predict increases; among the 36 predicting operating budgets for their states' public regional universities, those figures are 18, 8, and 10, respectively; while among the 39 predicting operating budgets for the public flagship universities, 19 predict cuts, 7 flat funding, and 12 predict increases. With a projected inflation increase of about 1%, this means that 28 states are flat-funding or cutting their operating budget investments in public community colleges, and 26 of 33 states are flat-funding or cutting their investments in public regional universities, and 26 are flat-funding or cutting their investments in public flagship universities at the precise time that investments should be expanding dramatically, as Chart Seven shows. In work by Education Policy Center Research Fellow Matt DeMonBrun and my survey coauthor Steve Katsinas report in Charts One and Two in the Context section above, American higher education faces an unprecedented enrollment surge of the likes it has not seen since the height of the 1960s "baby boom," with 1 million additional 18 to 24 year olds and 3 million additional 25 to 34 year olds in the population in the four years between 2009 and 2012. This demographic reality occurs whether or not the states choose to provide public institutions the funds needed to serve this enrollment surge.

Cuts in funding means additional rationing of seats at the higher education table, with caps at four year institutions "pushing" more students to community colleges, which in turn are challenged to serve unemployed young and older adults in need of retraining due to the recession. That a third of the state directors indicate their community colleges lack capacity to meet the current and projected enrollment surges of high school graduates, and even more are concerned about capacity to serve older and returning adults returning for training and retraining speaks to the challenge of capacity. That respondents from 15 states predict enrollment increases of 10% of more speaks to the enrollment surge.

Facilities funding is cited as a major need in most states. Distance learning can help, but will not address the deep concern over budget woes. For community colleges, serving unemployed workers is an unfunded mandate, and there is no dedicated revenue stream. The survey results show that the critically important capacity to deliver on this mission is being overwhelmed in states with high unemployment.

Chart Seven: Predicted Changes in Enrollment, Enrollment Caps, and Operating Budgets for Next Year (FY2010-2011)					
State	Predicted Change in Community College Enrollments	Enrollment Caps (Strongly Agree or Agree)	PREDICTED CHANGES IN OPERATING BUDGETS Next Year (FY2010-2011)		
			Community Colleges	Regional Universities	Flagship Universities
AK			3.9%	3.9%	3.9%
AL	12%				
AR	7%		3.3%	1.8%	1.9%
AZ	6%		-11.8%		-7.3%
CA		F,R,CC	2%	5%	5%
CO	15%		-7.5%		
CT	10%	F,R	-1%	0%	-7%
DE	3%	F	-1.6%		
FL	7%	F, R	6.5%	3.5%	3.5%
GA-USG	10%	F	-10.1%	-10.1%	-10.1%
GA-TCS	10%		1.3%		
HI	10%		-23%	-23%	-23%
IA			-13.3%		-2%
ID	10%		-12.5%	-14%	-23.5%
IL		F,R	-3.8%	-6.4%	-6.2%
IN	15%	F			
KS			0%	0%	0%
KY	10%		-1.4%	-1.4%	-1.4%
LA	6.8%		2.3%	-0.05%	-0.02%
MA	8%		-12%		
MD	7%	F,R	-3%	3%	3%
ME	4%		0%		
MI			0%	0%	0%
MN	1%		9%	9%	
MO	15%		-5.2%	-5.2%	-5.2%
MS	15%		-10.4%	-11.8%	-11.8%
MT	5%		0%	0%	0%
NC	8%		5.5%	-1.5%	-1.5%
ND			4.7%	4.7%	4.1%
NE	5%		-5%	-5%	-5%
NH	8%		-1.5%	0%	0%
NJ	5%		-4%	-4%	-4%
NM	8%		1%	-6%	-4%
NV			4.3%		3.3%
NY	9%	F		10%	10%
OH	10%		1.7%	-0.1%	0.3%
OK			-1.8%	-1.8%	-1.8%
OR	12%		-10%	-10%	-10%
PA					
RI				0%	0%
SC			15%	21%	21%
SD	Y				
TN			0%	0%	0%
TX	10%				
UT			3%	3%	3%
VA	3%		-2.1%	-6%	-5%
VT			0%	0%	0%
WA	0%	F,R	-3%	-5%	-4%
WI	5%	F,R			
WV			-5%	-5%	-5%
WY	15%		5%		5%
Average	9% (35 states)	F-11 states; R-7 states	Ave. -1.9% cut (43 states)	Ave. -1.4% cut; (36 states)	Ave. -1.9% cut (39 states)
Notes: (1) F = public flagship universities; (2) R = public regional universities; (3) CC = community colleges					

The survey results indicate that tuition is used as a state policy "lever" to make up for state budget shortfalls and to balance institutional budgets. Tuition and fee increases will most likely be utilized again next year to minimize the impact of reduced state support. Tuition and fee increases have outpaced the increases to state student aid. The failure of the high tuition/high student aid model paints a landscape of a "closing door to access."

Against the backdrop of all-time record enrollments and state budget cuts, the importance of the Pell grant to keep the "access door" propped open cannot be exaggerated. Our current national and regional economic challenges require innovation and new program development and implementation to create the skilled workforce needed for new and emerging industries. Yet it's uncertain that the increased Pell funding may not be sufficient to fill the gap created by the cumulative state budget cuts already taken, the state budget deficits and reductions projected for 2010-2011, and the cuts in state-funded student financial aid. States and institutions will likely not have sufficient funds to fund the kinds of program innovations necessary for the creation of a highly qualified workforce.

Competition for scarce state resources is intense. In almost every state, public higher education is the largest discretionary item in the state budget; often it is the last item decided in the legislative appropriations process. Since the first NCSDCC survey in 2003, K-12 education and Medicaid were the top budget drivers, except when in recession. They are typically the "must haves," and as one state association director commented at the July 2010 meeting of the NCSDCC, "it is pretty hard for higher education to make the case to take money from kids, the sick and the aged." That K-12 support declined to 4th as a key budget driver is an important indicator of the precarious funding position in many states. Other issues looming out there include, but are not limited to, unfunded retirement and post-retirement health insurance liabilities, and bonded debt.

From the state perspective, all sectors of public post-secondary education suffered rather uniformly in most states in the year just concluded, FY2009-2010. There appeared to be no post-secondary favorite in the struggle for a piece of a shrinking pie of state revenues. As the recession recedes, however, we anticipate Medicaid and the absence of ARRA funds will emerge as the top key state budget drivers. The end of ARRA funds is predicted to result in operating cuts in 21 states next year. Our survey results indicate a steady state divestment in post-secondary education in favor of Medicaid, K-12, and corrections. Public post-secondary education may be better served by developing a joint, unified legislative agenda across sectors, and with K-12 as well.

In 2009-2010, states continued to "hunker down" to absorb the budget cuts and their cumulative effect. By a wide margin, the decline in tax revenues due to recession continues to rank as the top state budget driver, followed by Medicaid and ARRA. Community colleges responded to the midyear cuts by implementing a spectrum of cost cutting measures with California indicating the most drastic measure of capping enrollment. As President Obama noted at the recent White House Conference on Community Colleges,

"One of our most undervalued assets as a nation is our network of community colleges….unfortunate because of the burden the

recession has placed on states and local leaders, community colleges have been forced to cap enrollments and scrap courses, and even in the best of times have been forced to receive far less funding than the four-year colleges and universities. Not only is this not right … it is not smart. Not at a time when so many Americans are still looking for work. Not at a time when so many other nations are trying to out educate us and to out-compete us…. This is an economic imperative." President Obama, October 5, 2010, White House Summit on Community Colleges

Reflections on the Special Case of California

The significance of California's cap on community college enrollments is great. Community college enrollment caps threaten the universal community college commitment to access. According to the California Community Colleges Chancellor's Office (June 3, 2010),

After peaking at nearly 3 million students in 2008-2009, the system started to see a slight statewide decline in enrollments despite an unprecedented demand. California's largest class of graduating high school seniors, the state's high unemployment, displaced students from the University of California and California State University, and veterans returning home and seeking career training are putting strain on a system that is already beyond capacity and in the midst of downsizing course sections in order to remain fiscally sound in and in line with state funding."

In the fall 2009, course sections were cut by 6.3% over the fall 2008, and total headcount enrollment dropped 0.2% over the same period; the burden of these cuts fell disproportionately on first-time community college students whose enrollment decreased 12%. San Diego Community College District reported reducing course sections by 2,093 classes in 2009-2010; City College of San Francisco reported cutting a total of 1,500 class sections due to state budget cuts. (California Community Colleges Chancellor's Office, June 3, 2010). "It is estimated that in 2009-2010 that "140,000 students were turned away from California community colleges." (California Community Colleges Chancellor's Office, June 2, 2010).

Enrollment caps and the elimination of classes may drive more students faster into the arms of the for-profits where they face the prospect of considerable debt. As President Obama noted, while community colleges "may not get the credit they deserve. They may not get the same resources as other schools. But they provide a gateway to millions of Americans to good jobs and a better life. They are places where young people can continue their education without taking on a lot of debt." Obama, October 5, 2010. A 2009 College Board study found "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, October, Figure 4).

In February, 2010 the California Community College Chancellor's Office announced an agreement with Kaplan University whereby Kaplan had agreed to discount their tuition to community college students. Kaplan's tuition for a three-semester course was discounted to $646 as compared to the community college fee cost of $78. This agreement was to enable students to enroll in a class they were unable to enroll in at their community college due to cancellation or overcrowded conditions due to budget cuts. In August, 2010, the agreement was cancelled due to issues related to transfer of the Kaplan credit to the University of California and to the California State University system through the community colleges. The need to develop this agreement and the difficulties in its implementation illustrate the desperation of California community college system leaders in seeking means to provide educational opportunities for their students to complete their programs of study.

For-Profit College Issues

For-profit colleges may have an open field to grow as state investment stagnates. A plurality of state directors believe that the for-profit colleges have grown as state support for public post-secondary education has declined. Most believe that state-level oversight of these institutions is not strong.

The seismic changes in the nation's economy, the changing job market, and demographic shifts will require innovation, new programs, and increased partnerships and collaboration. The partnerships with for-profit institutions in some states are an indication that community college leaders are trying to prudently manage during these austere times while focusing on and planning for the future. Their challenge is to make substantive decisions regarding resource allocation and survival that will position their institutions to emerge as their state's workforce and economic development engines.

Pell Grant Increases and the Failure of the State Model of "High Tuition/High Aid"

The Importance of New Pell Grant Funding in the Access Equation Cannot be Overstated. The new year round Pell grants are impacting community colleges by assisting low-income students access community colleges and in 78% of the responding states, able to cover the tuition increases at the community colleges. The year-round Pell grant contributed to larger summer enrollments at about half the community colleges and is predicted to improve the rate of college degree completion and time to degree completion.

In most states, tuition was raised across all sectors of public post-secondary education often at five times the rate of inflation. The mean tuition increases were higher in the "megastates." It is predicted that tuition will increase at five times the inflation rate in all postsecondary sectors this next year. As Brent D. Cejda of the University of Nebraska, one of the nation's leading scholars on Hispanic Serving Institutions, notes,

"Many Latino students are from low socioeconomic backgrounds. Thus, the pattern of continued tuition increases during the past three fiscal years places additional financial burden on this population. In addition, many Latino students are first generation and cost considerations may be even more important for students and their families as they continue participating in postsecondary education." Brent Cejda, University of Nebraska

As a state model to provide access, the high tuition/high student aid model does not worked. States have increasingly shifted the cost burden to students and their parents, as tuition increases have

supplanted state revenues that have been cut (Delta Project, 2009). The notion that tuition and fees can be increased and that their impact on the poor will be minimal as the increases will be covered by student financial aid simply does not hold up. If that proposition was true, states would increase state-funded student aid (merit or need based) every time tuition is increased. This has not happened, as three of four states indicate state student financial aid has been cut or maintained at a flat funding level. The direction of the debate as to who pays for a benefit that is being argued by some state legislators as predominantly serving more of an individual good instead of a public good is reflected in this shifting of the burden of costs to the students and their families.

National reports indicate the beginning of a slow economic recovery and this may be reflected in the fewer number of states reporting mid-year budget cuts than the previous year, but the average cut was larger. 56% of the responding states indicated budget cuts averaging 7.6%. These budget cuts are generally cumulative and may take years to recover.

As the megastates continue to see large enrollment growth, fueled by record numbers of out-of- high school graduates and traditional aged students and the older adults returning for training and retraining, will they be able to innovate and expand their programs to align with the new technologies and jobs created post-recession? The Skills for America's Future is an ambitious plan fashioned at gaining the most for its dollar by targeting where success is anticipated, but what becomes of those communities where the community college is the only "game in town," often the only point of access to post-secondary access in rural America? How will these national initiatives expand out across the nation and increase the capacity of rural as well as the urban community colleges in increasing the number of highly skilled workers needed for the industries of the 21st century? What are the implications for the future?

Access and Degree Completion

The future of access is at stake: It is ironic that the accountability and policy shifts from access to student success and graduation are heralded at a time when resources are being cut. Enrollments caps at public flagship universities and regional universities are "pushing" students to community colleges. Community colleges are eliminating sections and classes; the time to program completion for many is extended instead of shortened. Enrollments across all public higher education in the mega-state of California (where one of every four U.S. community college students are enrolled) are capped. Truly access is at stake. Compound these caps with reductions of sections and classes, rising tuition, and flat or cut student aid and our nation's capacity to develop human potential and promise is in peril.

Increasing both access and degree completion is a national imperative. Both 2009 and 2010 have seen unprecedented national attention to the role of community colleges. The ARRA and the American Graduation Initiation (AGI) highlight the national urgency to increase the quality of the nation's workforce and the number of college graduates. As we noted last year, and as this year's findings clearly demonstrate, this attention did not produce more state funding for community colleges—in fact they are being cut. The ARRA funds did do what they were primarily intended to do: assist states in filling their budget deficits by providing funds for operating essential services.

"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." (Mullin, 2010).

The Health Care and Education Affordability Reconciliation Act of 2010 invested "more than $40 billion in Pell grants to ensure that all eligible students receive an award and that these awards are increased in future years to help keep pace with both inflation and the rising costs of college" (Obama, February 24, 2010). The bill will increase the Federal Pell Grant maximum award by the Consumer Price Index from 2013 through 2017. Steps were also implemented to stabilize the funding for Pell Grants by adjusting the budgeting process to avoid funding shortfalls. The Health Care and Education Affordability Reconciliation Act also provides $2 billion over 4 years to help community colleges and other institutions develop, improve and provide education and career training programs suitable for workers who are eligible for trade adjustment assistance.

Skills for the Future

On October 5, 2010 the White House Summit on Community Colleges was convened; the Skills for America's Future was launched with the goal of identifying research based best practices that enhance student success to enable the nation's community colleges to graduate 5 million more college graduates and certificates annually by 2020. As President Obama indicated,

"The initiative Skills for America has as its goal, by 2020, to produce an additional 5 million community college graduates and certificates a year in the nation… Now is not the time to sacrifice our competitive edge." President Obama, October 5, 2010, White House Summit on Community Colleges.

Each state is to form a partnership with at least one major employer to align its community college programs with the emerging high skills required for successful employment. We note that this is not new, and that many states have been working to form such partnerships for years; these include Illinois, Kentucky, Washington, and the robotics partnerships in North Carolina, the Alabama Technology Network, and many others. In 1983, Iowa implemented an innovative alternative funding mechanism for economic development initiatives (the Iowa News Jobs Training Act, referred to simply as 260E of the Iowa Code), linking community colleges with employers in need of high skill, high demand workers (Industrial News Jobs Training Act, Chapter 260E of Iowa Code). National acknowledgement of the critical role of community colleges in both workforce and economic development has been long overdue. Federal "seed" dollars to initiate and establish these employer/community college partnerships are necessary as the states and local communities are struggling to just meet the operational costs of sustaining the multiple missions of their community colleges. Where will the funds come from to replicate and customize these best practices at all of our nation's local community colleges, especially those that

serve the rural communities? At the national level, it makes sense to target funds to those states and community colleges where there will be the "biggest bang" for the dollar, but what will be the trade-off as states seek to shift from operation to innovation? Where will the funds come from to back fill the operational expenses for the reallocation of funds to support innovation? Will these funds come at the expense of outreach and support to the underserved and under-represented? Funding for student financial aid? Funding for basic skills and programs for English language learners? Funding for developmental education? It is essential that states are able to step up to the plate in sustaining the comprehensive missions of their community colleges.

Concluding Thoughts

Community colleges historically have been dependent upon the "Big Three" revenue streams: state general aid, student tuition and fees, local government. Expectations for measurable returns in terms of increasing graduation and "increasing productivity by 50%, as envisioned by the Obama's administration call for five million more community graduates will be possible only if resources are significantly increased" (Mullin, 2010, 8). These federal funds provide "seed capital" and community colleges will have to rely on their state and local funding sources, as well as tuition and fees to sustain their operational costs.

More resources are needed. By a majority of 5:1, the state directors believe that to achieve Obama's goal of increasing the rate of adult Americans with college degrees requires expanding community college capacity, and that increasing the graduation rate is unlikely with budget cuts. National expectations are high, and failure of the community colleges to show marked improvement may cause irreparable damage to their image. Quick fixes and development and pilot-testing of models with limited replication dollars without opportunity to test, customize, and improve to deliver on results across the diverse range of rural to urban community colleges would not serve in the best interests of the community colleges nor the nation. As Jill Biden stated on October 5, 2010 at the White House Summit on Community Colleges:

For more and more people, community colleges are the way to the future. They're giving real opportunity to students who otherwise wouldn't have it. They're giving hope to families who thought the American dream was slipping away. They are equipping Americans with the skills and expertise that are relevant to the emerging jobs of the future. They're opening doors for the middle class at a time when the middle class has seen so many doors close to them.

State directors reported that last year (FY2009-2010), tuition at community colleges increased by an average of 6.5%--six times the rate of inflation (0.9%, according to the Higher Education Price Index). Pricing college education out of the market for the increasing numbers of most-in-need students has not worked as a lever for balancing the college budget shortfalls, nor are these increases to students and their families balanced by the increases in student aid. Resources are unavailable for new program development and their accompanying state-of-the-art technology. Enrollment management will shift from principally recruitment and marketing to retention and deliberative efforts around student success and graduation.

Responses to the Survey

Given the mix of the states large and small among the first 35 survey responses received, we asked a group of higher education experts and practitioners to react to the initial results. We are grateful to each of them for taking time from their busy schedules to react, and present some of the more detailed reactions received below.

Reaction from Michael T. Miller
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The survey findings seem to be consistent with national reports of a slow economic recovery. Although there were still a number of state directors reporting expectations of budget problems, 20% reported that they expected no gap in funding during the next appropriation year. For those anticipating budget shortfalls, response strategies continue to be relatively short sighted, suggesting either a vision of a quick economic recovery to state budgets, or an administrative and leadership unwillingness to make major substantive decisions. For example, short term fixes such as suspending travel allowances (58%), temporarily laying off employees (56%), and mandating furloughs (58%) offer no long-term significant or structural cost savings. From a planning perspective, 64% of the state directors did utilize targeted program cuts to save funding, a strategy that suggests a longer term view of the economic recession. The targeted program cuts, although not directly linked in the survey, were realized in the three year decrease in programs in vocational an occupational education.

Only 8% of the state directors noted that proprietary enrollment growth was outpacing public institution growth, a trend that may differ in the future based on the 47% of states that are increasing user fees to cover cost shortfalls.

An interesting suggestion is that few states indicate that flagship or regional universities are capping enrollment. Yet, 22% of the responding states have indicated that they have the ability or will soon have the ability to offer 4-year degrees.

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Reflections on the Impact of these Findings on Hispanic Serving Institutions

Reaction from Brent D. Cejda
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After reviewing the study, four specific comments regarding Hispanic Serving Institutions (HSIs) come to mind:
1. Overall cuts and "owed vouchers"—The majority of HSIs do not have large endowments. Thus, any cuts to funding have the potential to impact the ability of these institutions to provide access and educational services. Especially as your data shows that the majority of community colleges are not receiving full funding, in a number of states higher education institutions are "owed" funds and some have had to resort to borrowing to make payroll.

2. Many Latino students are from low socioeconomic backgrounds. Thus, the pattern of continued tuition increases during the past three fiscal years places additional financial burden of this population. In addition, many Latino students are first generation and cost considerations may be even more important for students and their families as they continue participating in postsecondary education.

3. Research has shown that many Latino students need developmental education. In addition, benefits related to work—finding a job, pay increases, promotions, etc—have been identified as important reasons that Latinos pursue certificates or degrees. It is important to watch these areas and the importance community college place on the respective areas in order to meet the needs of this population.

4. HSIs are becoming known for reaching out to the Hispanic communities that they serve. While the HSI designation comes from enrollment, more and more these institutions are recognizing the importance of community in many Latino cultures. The ability to find funding for community education/community service initiatives is essential to these institutions who have embraced the concept of serving the broader community.

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Reaction from Byron Cook

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Generally the findings from this survey are consistent with the findings from organizations like the National Association of State Business Officers (NASBO) and the Center on Budget and Policy Priorities. That is, postsecondary education has been and continues to be severely affected by the downturn in the economy in numerous ways. These findings also support widely held belief's in the higher education community regarding the recession, both specific to community colleges (e.g., 70% of community college state directors feel increased unemployment is stressing community colleges retraining capacity) as well as higher education broadly (e.g., 44% of community college state directors feel their state has no plan for ARRA funds ending).

If the perceptions of state directors of community colleges (SDCC) prove to be true, postsecondary institutions, particularly community colleges will have a difficult time helping to achieve President Obama's goal of reclaiming the status of most educated country in the world. While most SDCC's believe that mid year budget cuts are not likely in FY 2011, the belief that declines in state revenues will continue to be a major budget issue will challenge postsecondary institutions ability to enroll and graduate more students. An example of this is that while 92% of SDCC's believe that their state has increased attention to student success and degree completion, 82% disagree that the most recently approved state budget, provides state funded need-based and merit-based student aid that keeps pace with tuition increases. On a positive note, that the SDCC's believe increases in the Pell Grant program cover tuition increases at community colleges, these schools can continue to be an affordable option for many low income students.

Overall I think these are interesting and telling findings that provide one perspective on how the recession is impacting higher education, particularly community colleges. When reading these results one can't help but wonder how the perceptions from other sectors of higher education would compare.
Bryan Cook is Director of the Center for Policy Analysis at the American Council on Education.

Response to 2010 National Survey of Finance and Access Issues

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The key challenge continuing to face public higher education is a growing mismatch between the ability to generate revenue growth and the rapidly rising demands for services of all types from these institutions. Enrollment growth continues at most colleges and universities while demands for contributions to economic development also rise. However, the survey results clearly highlight a persistent sense that higher education is relatively low on the list of key budget drivers for States (see Table 2) and that resources available are insufficient for growing demands on community colleges and other public higher education organizations.

This can't be surprising to followers of the industry. For decades, government funding for higher education has been on a continuously declining path toward a lower and lower share of each organizations' annual budget. According to Moody's FY2009 Public University medians report (2010), the median public university receives just 30% of its revenue from state appropriations. For many of the top flagship universities, direct state support has fallen below a quarter of its annual revenues.

What remains surprising and somewhat concerning is the apparent disconnect between survey respondents' awareness of the pressures on state budgets and willingness or ability to plan and accommodate the realities of state funding. In addition, there are growing signs that tuition increases—previously the most direct off-set to state budget reductions—may be under stress.

Disconnect in Planning Although survey respondents appear fairly strongly of the opinion that state budgets for FY2011 are in poor shape (Table 10), that government has not addressed the "cliff" in funding due to ARRA (Table 18), and that long-term structural deficits exist (Table 19), few seem to have begun to plan for these events or to expect that the problems will come to directly impact their funding. Table 17 shows that despite knowing that significant budget gaps exist, a very low proportion (25%) think there is a high or very high chance of mid-year budget cuts for community colleges this fiscal year. Likewise, despite a gloomy outlook for state funding and a pending cliff in ARRA funding, few institutions raised tuition at a significantly higher rate for FY2011 compared with the prior year (Table 11). Similarly, somewhere between forty and fifty percent of respondents experienced mid-year budget cuts in FY2010. Yet, when beginning to focus on FY2011, respondents seem to have a short memory: 72% believe there is a budget gap in the State's FY2011 budget, only 12% believe their State does not have a structural deficit in the budget (31% are not sure), and 44% say their State does NOT have a plan to deal with the end of ARRA funds. However, 74% of respondents think there is a neutral to very low chance of mid-year budget cuts in operating funds for community colleges. Either respondents believe higher education (and especially community colleges) are likely to be treated much more favorably compared to other budget priorities or there is an important disconnect between planning for cuts and assessments of the poor condition of state budgets.

Perhaps economic improvement will spare higher education the worst of cuts. Sentiment around economic performance seemed to be improving through the first half of 2010, but recent weeks have seen a sharp negative turn in expectations. Given this lack of predictability, hoping for the best and planning for something worse, seems the best approach.

Tuition Affordability Limits? While mid-tier private universities face the greatest challenge in managing affordability for students and families, I have growing concerns for regional public universities. A Moody's Investors Service survey from fall 2009, showed a dramatic increase in the number of private universities expecting to see year over year declines in net tuition revenue. While just 9% of private universities surveyed had seen a decline in net tuition revenue the prior year, 29% predicted a decline in FY2010. As private institutions discount tuition more through need and merit based aid, regional public universities may be next to feel similar pressures, especially if economic performance is lackluster or in areas of the country that remain economically depressed. Regional public universities often serve a local population, compete directly with lower-priced community colleges for the first two years of college, and have much shallower excess demand compared with flagship universities (i.e., they accept the vast majority of qualified students that apply). Table 4 shows that while flagship universities have increased tuition fairly consistently around 6.5% and community colleges fairly consistently around 6%, the rate of increase has been falling for regional universities (from 6.6% to 5.3% over the last four years). As unemployment remains persistently high and home equity remains depressed or non-existent for many, affordability may be a rising issue for regional public universities. Public higher education institutions face considerable challenges in the next several years as state funding remains highly pressured by the weak economy's impact on state tax revenues and competing spending priorities risk squeezing out higher education. At the same time, increased resistance to rising tuition prices could weaken a primary off-setting source of income. A key focus area will likely need to be on operating practices, efficiencies and changes to the fundamental way each campus operates.

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Higher Education Access and Finance: A Missouri Perspective

By Zelema Harris
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The State of Missouri is caught in the middle of this "unusually uncertain" recessionary cycle and state funded entities, including post-secondary education are challenged to meet the educational and workforce needs of students and businesses as they attempt to transition through this cycle and position themselves for a new economy. Community college enrollments are at an unprecedented high with the community college sector serving more Missouri undergraduates than the baccalaureate sector, fall 2009 undergraduate in-state headcount of 99,052 compared to the baccalaureate enrollment of 95,353.

As over half of the nation's community colleges (table 1) are confronted with mid-year budget reductions, Missouri community colleges benefit from the investment of stabilization funds coupled with Governor Jay Nixon's commitment to protect higher education from mid-year cuts. This protection is contingent upon level tuition for in-state students. Across Missouri, all sectors of public higher education continue to charge the Fall 2008 tuition rate for Fall 2009 and 2010. It is expected that this regulation on tuition increases may be removed for Fall 2011. Governor Nixon is celebrated for this arrangement by higher education institutions that are able to operate across the fiscal year with some certainty about state revenues, and by parents and students who recognize the improved affordability through controlled tuition rates.

Governor Nixon, a Democrat, has protected and supported higher education in Missouri by working with the Republican-led House and Senate. This bi-partisan commitment to public higher education was critical in securing special earmarked funds for higher education in FY 2010. At a time when funding was declining in other states, Missouri invested in two initiatives, "Caring for Missourians" and "Training for Tomorrow." This extraordinary investment compared to the weakening of state support for vocational/occupational experienced in other states, table 9, is an example of our Governor's determination to provide critical job training in high demand occupations. At St. Louis Community College, these targeted funds are invested in nursing preparation, patient technician training, "green-collar" job development, aerospace engineering and composites manufacturing.

Governor Nixon has further demonstrated his commitment to public higher education in the recent Governor's Summit on Higher Education where he has challenged Missouri higher education to: improve degree attainment rates, conduct statewide review of all academic programs, increase cooperation and collaboration in areas of administration and academic affairs, and develop a multiyear sustainable funding model.

In the face of this positive leadership, the increased respect for the community college sector, and the enrollment of record numbers of students, Missouri higher education struggles with the near-term financial picture. The state's budget was $300 million out of balance on July 1 (table 1) requiring significant reductions across all state agencies. The 2012 state budget is forecasting shortfalls between $500 and $800 million as federal stabilization funds are exhausted. The current projected budget reduction for 2012 is 15 to 20 percent of the annual state aid allocation.

Higher education leadership will feel tremendous pressure to increase tuition and limit enrollments into high-demand/high-cost vocational programs. We must proceed carefully understanding that the state's economic turnaround hinges upon the community college's ability to serve an increasing population in a cost-efficient manner.

While cost reduction strategies are in place, equally important is the work of the community college in improving academic attainment and moving students from developmental coursework to college completion and into the workforce. Our limited state funds make capacity building a challenge so we must focus on our success rates and our outcomes measures.

Which brings us back to the Governor's Summit. Our ability to think and behave in an entrepreneurial manner becomes critical. Degree and certificate programs need to be delivered in manageable segments so adult workers can retrain for tomorrow's jobs. Young learners need to experience a seamless educational environment where enrollment at multiple institutions and transfer are acceptable and productive practices. Community colleges need to shed those programs and services that were part of the 20th century and becomes leaders in 21st century learning.

Our world is changing, rapidly, and at times in an "unusually uncertain" manner. Our students look to us to equip them for a successful future as life-long learners. Our challenges are many and these times demand bold thinking and bold actions to restart the American economy.

As the chancellor of St. Louis Community College, **Dr. Zelema Harris** serves as the chief executive officer of a system that consists of four campuses and three education centers with an annual budget of $195 million. STLCC serves more than 100,000 students annually and offers more than 100 career and transfer academic programs. With over 30 years of experience, Dr. Harris has served as president of Parkland College in Champaign, Illinois., and as president of Penn Valley Community College in Kansas City, Missouri. [Editor's note: This was written in response to the preliminary data on September 1, 2010]

Reaction from Daniel J. Hurley

Director, State Relations and Policy Analysis
American Association of State Colleges and Universities

The data and analysis stemming from this work continue to add to the field of knowledge on the important issue of higher education finance and college access. My specific observations on the data:

- It is unfortunate, yet not surprising, that two-thirds of the responding states indicated continuing budget gaps. This affirms budget experts' and economists' consensus that the combination of recession-induced declines in tax revenues, combined with structural budget deficits, will continue to persist for at least the next two to three years. (Tables 2 and 19)
- State budget planners are turning to a broad menu of options to pare back spending. While nearly three-fourths of responding states made across-the-board cuts, only 6 in ten made targeted program cuts. My view is that, just as at the institutional level, spending reduction decisions should be made strategically (targeted), as opposed to across-the-board, to reflect core priorities.
- There generally appears to be parity in mid-year budget cuts in the public post-secondary sector. HBCU's have been buffered slightly in comparison to the public postsecondary institutional peers, which is both necessary and good. (Table 1)
- With regard to the key drivers of state budget decision making, the placement of higher education as a state spending priority is about on par with similar studies in the past. It is about in the middle of the pack, behind K-12, and slightly above spending on Corrections.(Table 2)
- Tuition costs in the public higher education sector continue to outpace other key metrics, such as inflation and household incomes. Overall, tuition increases have remained relatively consistent for the past three years, but given the cutbacks in state funding, these increases reflect the fact that institutions are making great efforts to pare back spending and implement significant cost reduction strategies. (Tables 4 and 11)
- The anticipated changes in state operating support for higher education in the coming year (as viewed by survey respondent) - in the range of 2.5 to 3 percent - may bit a optimistic. As anticipated, key economic metrics associated with the recovery remain stagnant, thus prolonging a turnaround in state revenues. (Table 10)
- It appears that state budget leaders are making an effort to hold state student aid grant programs whole. While a handful of states have cut these programs, most have maintained level funding or provided a small increase. Cutting these programs is a politically unpopular move, and the fact that some have indeed been cut is testament to the severity with which state budgets are constrained. (Table 13)
- Expected enrollment increases are strong, and suggest continuing difficulties meeting capacity in the community college sector. Even in the event increases in tuition are sufficient to hire an adequate number of faculty, the sheer volume of students is likely testing the instructional facilities limits at these institutions. (Table 23)
- The end of ARRA monies - and the correlating concerns of community college officials underscores the potentially severe funding consequences of the imminent funding cliff that will occur when these funds run out. (Table 18)
- A clear indication that better alignment of state higher education financing strategies are needed. (Table 12)
- While enrollment at the community college level has largely not been capped, a quarter of respondents are concerned about capacity issues moving forward; a concern that must be addressed if states are to meet college completion goals.
- Related to the capacity issue is the issue of facilities; the data indicate a strong concern regarding funding for capital construction. So, aside from base operating support, state monies for campus deferred maintenance and new facilities will continue to exacerbate fears about the ability to meet future student enrollment demands.
- On a positive note, it is good to see the number of respondents indicating improvements with regard to the amount of attention being given to state and campus-level student success/degree completion, and efforts to boost the capability of student data collection systems. This is an indication that, despite current fiscally challenge circumstances, progress is still being made in the public postsecondary domain, and that core aspects of institutional missions are being maintained.

Daniel J. Hurley has served as the Director of State Relations and Policy Analysis for the American Association of State Colleges and Universities since March 2007. The association, located in Washington, D.C., consists of some 420 public college and university presidents, chancellors and system heads from throughout the United States. In his capacity, Hurley provides analysis and commentary on a broad range of public policy issues affecting higher education at the campus, system, state and national level. His expertise includes issues related to college access, higher education finance, as well as economic issues associated with public postsecondary education. He coordinates AASCU's Innovations Exchange, an online repository of institutional best practices at U.S. public universities spanning a broad range of issues critical to helping campuses' carry out their distinct missions, and takes a lead role in coordinating the annual conference on Higher Education Government Relations, sponsored by four national higher education associations. Prior to joining AASCU, Hurley served as the Director of University Relations and Administrative Services for the Presidents Council, State Universities of Michigan, based in Lansing, and was administrative assistant to the president of Ferris State University in Big Rapids, Michigan. [Editor's note: This was written in response to the preliminary data on August 18, 2010]

Methodology

The 2010 survey was sent to 51 members of NCSDCC; see www.statedirectors.org/directors/ncsdcc.htm for an official list of members. State directors were surveyed because of their knowledge, experience, and perspectives regarding funding and access issues in the larger context of a rapidly changing state policy environment.

With 2.3 million new community college students from 2000–01 to 2005–06 brought on by Tidal Wave II (Hardy, Katsinas & Bush, 2007), our recent surveys have included special sections on capacity-related issues. Our 2007 survey included a special section on facilities, and our 2008 survey included a special section on student aid and tuition policy. With the nation in recession, in 2009 we asked how states were using ARRA funding, because our FY2003 survey found all 49 states reporting higher tuition while more than half flat-funded or cut their state student aid programs. Would states fund student aid to help academically talented, low-income students attend America's community colleges, and simultaneously fund workforce training to help the unemployed in a deep recession? In 2010, with only limited economic recovery, we again focused on federal issues related to the serving workers in recession and the impact of the record increases in Pell grants.

Data were collected from July 15 through August 27, 2010.

Responses were received from all 51 NCSDCC members (or their designees), representing all every states. Puerto Rico, also an NCSDCC member, was not surveyed. Responses from Maryland, Nebraska, New Jersey, and New Mexico came from their state community college associations. Georgia's responses came from both the University System of Georgia (GA-USG) which coordinates community colleges, and the Technical College System of Georgia (GA-TCS) which coordinates technical colleges across the Peach State. On May 29, 2008, Arizona Governor Jan Brewer signed an Executive Order establishing the Arizona Community College Council (Brewer, 2009), and this year, for the first time, the Arizona Council on Community Colleges responded. New York's response was from the State University of New York system and not the City University of New York system.

State directors or their designees from all 9 "megastates" (i.e., California, Florida, Georgia, Illinois, New York, North Carolina, Ohio, Pennsylvania, and Texas, marked in italics below, for readers' ease) responded. Michigan, which for decades was a megastate, fell behind Georgia 4 years ago in state tax appropriations for higher education, and is no longer a megastate. In FY2008, 9 megastates accounted for $39.7 billion of the total $77.5 billion, or 51.2% of state tax appropriations for higher education nationwide, enrolling about 52% of US community college students. It is also important to note that 7 of the 9 megastates have substantial local funding; only Florida and Georgia do not (Palmer, 2008a, see also http://www.grapevine.ilstu.edu/ tables/pdf/Table6_08.pdf).

Caveats to Interpreting Survey Results

1. State directors or their designees could choose whether or not to respond to individual survey questions; thus, the number of responses received for different survey items varies, as the totals on the data tables show.
2. Most of the results presented are the respondents' perceptions, not actual measures. Although it can be assumed that state directors of community colleges are most knowledgeable about issues related to their own education sector, their responses to most questions can be interpreted only as estimates.
3. We asked respondents about the general budget conditions in their states. To bring life to the data, we included selections from the responding states as blue inset boxes in the text. All responses are listed in Appendix D.
4. The respondents from the ten state offices in the nine megastates specifically cited in the text below are in offered in italics for easy identification.

Where to Find Past Surveys

2003 and 2004

Our first survey was created in 2003 by Stephen G. Katsinas, James C. Palmer and Terrence A. Tollefson, and approved by the Institutional Review Board at the University of North Texas. Begun as a class project in 2003, it was not published until the second administration of the survey in 2004. Each survey is reviewed by an expert panel of National Council of State Directors of Community Colleges members. *Our first survey, conducted in the recession year of FY2003, found that 34 of 46 responding states took mid-year cuts in community college operating budgets, all 46 raised tuition, and about half cut or flat-funded their need/merit-based state student aid programs.*

2007, 2008, and 2009

Our 2007 survey was the first to offer a special section dealing with capacity issues, in this case the often-understudied issue of facilities. Thus, the 2009 report (50 NCSDCC responses), summarizes the perceptions gleaned from community college state directors (or their designees). It is offered as a barometer of the current situation and future prospects for community college funding and access.

The 2004 survey results are available from (http://education.ua.edu/edpolicycenter/ documents/StateDirectorsSurvey2004.pdf). The 2007 survey results are available from http://www2.aacc.nche.edu/pdfs/FundingIssues.pdf, and the 2008 and 2009 results are available from http://education.ua.edu/edpolicycenter/index.html

Findings
Part One: The Year Just Concluded

"For the nation's 553 rural community college districts and their 922 campuses, as well as for the nation's 39 tribal colleges, the finding that rural institutions face the greatest fiscal strain comes as no surprise. Low property wealth districts, the long term state disinvestment in providing geographic access, and the pent up demand for higher education in rural America, as documented by the 1 million additional students at rural community colleges in the past seven years speak to the vital role these access colleges provide. At a time of state disinvestment, we can only hope that Congress will continue the Pell Grant increases we have seen in recent years."

-- Randy Smith, President,
Rural Community College Alliance

1.1 Fewer report mid-year cuts last year than two years ago, but the cuts taken are slightly deeper.
In the year just concluded, FY2009-2010, 28 of 50 reporting states report their community colleges median average annual percentage mid-year budget cuts of 7.6%; while the year before (FY2008-2009) found 34 of 48 taking mid-year cuts averaging 5.9%. For public regional universities, half took cuts last year, with the cuts averaging 5.7%; in FY2008-2009, 31 of 40 states reported mid-year cuts averaging 5.6%. For public flagships, 24 of 44 reported mid-year cuts averaging 6.3% in FY2009-2010, compared to 33 out of 42 reporting mid-year cuts in FY2008-2009 averaging 6.2%. *Thus, last year slightly more states report community colleges taking larger mid-year budget cuts than other public higher education sectors.* (Table 1)

Table 1:
Mid-Year Budget Cuts, by Public Education Sector:
Year Just Concluded (FY 2009–2010) Compared to Three Prior Years (FY2006-2007, FY2007-2008 & FY2008-2009)

	K-12		Community Colleges		HBCUs		Regional Universities		Flagship Universities	
	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts
FY2009-2010	20	24	28	22	10	16	22	22	24	20
%	45	55	56	44	38	62	50	50	55	45
FY2008-2009	18	21	34	14	11	7	31	11	33	11
%	46	54	71	29	65	35	74	26	75	25
FY2007-2008	5	39	9	39	3	15	8	36	10	36
%	11	89	19	81	17	83	18	82	22	78
FY 2006-2007	0	45	2	47	1	18	3	44	3	44
%	0	100	4	96	5	95	7	94	7	94
Percentage Point-Change, FY2006-7 to FY2009-10	45%	-45%	54%	-52%	33%	-33%	43%	-44%	48%	-49%

Table 1a:
Mid-Year Cuts by Education Sector in Year Just Ending (FY 2009-2010)

	K-12 n=44		Community Colleges n=50		HBCUs n=26		Regional Universities n=44		Flagship Universities n=44	
STATE	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts
AK		X						X		X
AL			7.5%							
AR		X	2%		3%		3%		3%	
AZ		X		X		X		X		X
CA		X		X				X		X
CO	X		49%				X		X	
CT		X	2%				2%		2%	
DE		X		X		X		X		X
FL		X		X		X		X		X
GA-USG	X		X		X		X		X	
GA-TCS	DN		9%				X		X	
HI	13.9%		13.9%				13.9%		13.9%	
IA	10%		10%						10%	
ID		X	7.5%				8%		17.8%	
IL		X		X		X		X		X
IN	X		X			X	X		X	
KS			2.3%				2.3%		2.3%	
KY		X		X		X		X		X
LA	X		X		X		X		X	
MA		X		X				X		X
MD		X	X			X		X		X
ME	X			X				X		X
MI		X		X		X		X		X
MN				X				X		
MO		X		X		X		X		X
MS	X		9.5%		X		X		X	
MT		X		X		X		X		X
NC	X		3%		5%		5%		5%	
ND		X		X				X		X
NE		X		X		X		X		X
NH			1%							
NJ	8%		6%				6%		6%	
NM	2%		4.5%				4.5%		4.5%	
NV	X		2%						2%	
NY		X		X			X		X	
OH		X		X		X		X		X
OK	X		9%		9%		9%		9%	
OR			3%							
PA	0.3%			X		X		X		
RI	DN		7.8%				7.9%		7.9%	
SC	DN		9%		X		9%		9%	
SD			X							
TN		X		X		X		X		X
TX	5%		5%		5%		5%		5%	
UT			3%				3%		3%	
VA	10%		3%		2.3%		3%		3%	
VT		X		X		X		X		X
WA		X		X		X		X		X
WI		X		X				X		
WV	3.4%		3.4%		3.4%		3.4%		3.4%	
WY		X		X						X
Total n	20	24	28	22	10	16	22	22	24	20
Mean %	6.6%		7.6%		4.6%		5.7%		6.3%	
Median %	6.5%		5%		4.2%		5%		5%	

"The next biennium will be difficult in North Carolina as the loss of stimulus funding and expiration of temporary taxes will result in an approximate 15% state budget deficit."

— North Carolina

1.2 Last year, mid-year budget cuts often occurred on an across-the-board basis.

Of the 20 states indicating across-the-board mid-year state operating budget cuts in all sectors of education, including K-12, education, 4 states reported the same exact percentage cuts: Hawai'i (13.9%), Iowa (10%), Texas (5%), and West Virginia (3.4%). Excluding K-12 education, 8 states reported the exact same mid-year percentage cuts for all higher education sectors (community colleges, HBCUs if any, regional universities, and flagship universities): Connecticut (2%), Kansas (2.3%), New Jersey (6%), New Mexico (4.5%), Nevada (2%), Oklahoma (9%, South Carolina (9.04%), and Utah (3%). An additional 3 states report mid-year state operating budget cuts within one percentage point across all public higher education sectors: Arkansas (2 to 3%), Rhode Island (7.8 to 7.9%), and Virginia (2.32-3.01%). *Thus, 15 states report treating all postsecondary education sectors the exact same or nearly the same as it pertains to mid-year budget cuts last year, FY2009-2010.* (Tables 1a and 1b)

Table 1b: A Closer Look at States with Percentage Cuts

States with the Exact Same Percentage Cuts Across the Board

- HI with 13.9%
- IA with 10%
- TX with 5%
- WV with 3.4%

States with the exact same Percentage Cuts for Higher Education Institutions

- CT with 2%
- KS with 2.3%
- NJ with 6%
- NM with 4.5%
- NV with 2%
- OK with 9%
- SC with 9.04%
- UT with 3%

States with Cuts within 1% of each other within the Higher

- AR with 2-3%
- RI with 7.8-7.9%
- VA with 2.32-3.01%

1.3 "Recession, producing a decline in state revenues" was *by far* the top-ranked state budget driver. Last year (2008-2009), of 47 respondents, 45 "strongly agreed" or "agreed" that "Recession, producing a decline in state revenue," was the top budget driver, and among these 45, an unprecedented 43 responded "strongly agree." For the year just concluded (FY2009-2010), respondents from 47 states again report "Recession, producing a decline in state revenue" as the top ranked budget driver. That such a substantial majority (41) indicate "strongly agree" likely indicates concern about the sluggish recovery of state tax revenues and the prospective end of federal ARRA stimulus funding after this year. (Table 2)

"… community college CEO's have talked about...having to look to different sources of income." — Nebraska

1.4 In addition to Recession, Medicaid and ARRA funding were highly ranked (especially in large states), with K-12 education trailing, and Higher Education lagging well behind.

For FY2009-2010, "Medicaid cost increases" and "Funding from the American Recovery and Reinvestment Act" were tied for second place (38 states) as a key budget driver, and 30 indentified "Elementary and Secondary Education cost increases." Further back in a three-way tie (22 states) were "Higher Education cost increases," "Corrections," and "Unfunded state retiree pension obligations" (a new item added for the 2010 survey). "Unemployment Insurance cost increases" (20 states) received its highest ranking as a budgetary driver since these surveys began in 2003. "Tax reductions and local property tax relief" and "Unfunded Health Care cost increases" were tied (11 states), followed by "Transportation and highway cost increases" (6 states). (Table 2a)

1.5 That K-12 education received its lowest rating since we began these annual surveys in FY2003 underscores the uncertain budget prospects in most states. *As Table 2 shows, in FY2006-2007 and FY2007-2008, K-12 education was ranked first by 45 respondents; by FY2009-2010 it had dropped to fourth, well behind the top three items.* In 2010, 8 of the 9 responses from large megastates "strongly agree" that recession was the top budget driver; ARRA funding ranked second and Medicaid third, while K-12 education lagged far behind, nearly even with Higher Education. (Table 2a)

Table 2: Key Drivers of State Budget Decisions in Year Just Concluded (FY2009-2010) and the Prior Three Years (respondents who indicated "strongly agree" or "agree")

Year Just Concluded	n. producing decline in revenue	Medicaid	ARRA Funding (2009 only)	K-12	Higher Education	Unfunded State Employee	Corrections	Unemployment Insurance	Tax Cuts	Unfunded Health Care cost Increases	Transportation
FY2009-2010 Strongly Agree/Agree (n=50)	47	38	38	30	22	22	22	20	11	11	6
RANK	1	2 (T)	2 (T)	4	5 (T)	5 (T)	5 (T)	8	9 (T)	9 (T)	11
FY2008-2009 Strongly Agree/Agree (n=50)	45	37	37	38	20		22	15	19		13
RANK	1	3 (T)	3 (T)	2	6		5	8	7		9
FY2007-2008 Strongly Agree/Agree (n=47)	36	43		45	26		31	8	26		25
RANK	3	2		1	6(T)		4	8	5		6(T)
FY2006-2007 Strongly Agree/Agree (n=49)	21	44		45	33		33	6	27		29
RANK	7	2		1	3(T)		3(T)	8	6		5

Table 2a: Key Drivers of State Budget Decisions, Year Just Concluded (FY2009-2010)

STATE	Recession, (decline in revenue) n=50	Medicaid n=49	Funding from ARRA n=49	K-12 n=48	Higher Education n=48	State Employee Reitrment n=49	Correc-tions n=48	Unemploy ment Insurance n=48	Tax Reduc-tions n=48	Health Care cost Increases n=48	Transpor-tation n=48
Rank	1	2(T)	2(T)	4	5(T)	5(T)	5(T)	8	9(T)	9(T)	11
AK	N	N	N	N	N	N	N	N	N	N	N
AL	SA	N	A	SA	SA	A	N	N	N	A	N
AR	SA	SD	N	SD	SD	SD	SD	SD	SD	SD	SD
AZ	SA	SA	SA	SA	D	A	A	N	N	SA	D
CA	SA	SA	SA	SD	SD	A	SA	A	D	N	D
CO	SA	SA	SA	A	D	A	N	N	SD	N	D
CT	SA	A	A	A	D	D	D	A	SD	N	N
DE	A	SA	SA	SA	N	A	SA	A	D	A	N
FL	SA	SA	SA	SA	SA	SA	A	A	A	N	A
GA-USG	SA	SA	SA	SA	SA	SD	N	D	SD	SD	N
GA-TCS	SA	A	A	D	D	D	D	N	A	D	D
HI	SA	A	SA	SD	SD	SD	SD	A	SD	SD	SD
IA	SA	N	SA	A	A	D	N	A	D	N	D
ID	SA	A	A	SA	A	SD	A	N	SD	SD	SD
IL	SA	SA	SA	A	A	SA	N	D	SA	SD	D
IN	SA	A	N	A	A	SD	D	A	SA	D	D
KS	SA	A	SA	D	SD	N	D	SA	SD	N	N
KY	SA	A	SA	A	A	SA	A	A	SD	D	SD
LA	SA	A	SA	N	D	A	A	N	SA	SA	N
MA	SA	SA	SA	A	A	A	A	A	A	SA	A
MD	SA	A	A	A	D	N	SD	A	SD	N	D
ME	SA	SA	SD	N	D	A	N	N	D	A	D
MI	SA	SA	SA	SA	A	N	A	SA	SA	D	N
MN	SA	A	SA	A	A	D	A	A	A	SA	A
MO	SA	A	SA	SD	SD	SD	SD	D	D	SD	SD
MS	SA	SA	SA	A	A	A	A	N	D	A	A
MT	SA	N	SA	D	SD	A	N	N	N	N	N
NC	SA	SA	SA	N	A	N	D	SD	SD	N	D
ND	N	A	N	N	A	N	A	N	N	A	N
NE	A	SA	N	SA	D	A	A	N	D	N	A
NH	A	SA	A	SA	SA	D	SA	A	N	D	D
NJ	SA	A	SD	SD	SD	SD	SD	SD	SA	SD	SD
NM	SA	A	A	A	A	A	A	A	D	N	D
NV	SA	N	SA	N	N	N	N	N	N	N	N
NY	SA										
OH	SA	N	SA	A	A	N	N	N	D	SD	N
OK	SA	A	D	SA	SA	D	N	N	SD	SD	N
OR	SA	SA	SA	A	D	A	A	D	D	D	N
PA	A	A	SA			A					
RI	A	N	D	N	D	SA	N	N	A	D	D
SC	A	SA	N	SA	D	N	A	A	N	SA	N
SD	N	N	N	N	N	N	N	N	N	N	N
TN	SA	N	SA	A	N	N	N	N	D	N	N
TX											
UT	SA	A	SA	A	A	A	A	A	N	N	A
VA	SA	A	A	N	D	A	N	N	N	N	N
VT	SA	SA	SA	SA	A	N	SA	SA	N	N	N
WA	SA	A	A	A	SD	D	A	D	SD	SD	D
WI	SA	A	SA	SA	SA	N	N	SA	N	N	N
WV	SA	A	SA	SA	A	SA	A	N	A	A	N
WY	SA	N	A	N	N	A	A	A	D	D	D
TOTAL	50	49	49	48	48	49	48	48	48	48	48
SA n	41	17	28	14	6	5	4	4	5	5	0
A n	6	21	10	16	16	17	18	16	6	6	6
N n	3	10	7	10	6	13	16	20	13	19	21
D n	0	0	2	3	12	7	5	5	12	8	15
SD n	0	1	2	5	8	7	5	3	12	10	6
SA/A	47	38	38	30	22	22	22	20	11	11	6
N	3	10	7	10	6	13	16	20	13	19	21
SD/D	0	1	4	8	20	14	10	8	24	18	21

"Among the 47 respondents indicating 'Recession, producing a decline in state revenue' 41 indicated "Strongly Agree." This indicates clearly the uncertain nature of state tax revenue recovery in the year just concluded."

"The dropoff in K-12 education as a key budget driver may also be an indicator of the severity of state tax revenues in many state. Put differently, K-12 education may not be exempt from budget cuts if state tax revenues do not recover next year."

1.6 Of the states with community college formulas, by a margin of nearly 6:1 they are not fully-funded. This includes all five of the nation's largest states.
Of the 51 responses, 22 report their state does not have a funding formula for their community colleges, and 29 do. Among the 29, just 6 (12%) indicate their community college formula was fully funded in FY2009-2010, while 23 (45%) do not. Among the 10 largest megastates, of the 8 with funding formulas, just 3 indicate their formula was fully funded (*Georgia-Technical College System, North Carolina,* and *Ohio*), while 5 indicate their formula was not fully funded (*California, Florida, Illinois, New York,* and *Texas*). (Table 3)

1.7 Some states have special funding provisions for small, rural, and poor property-tax serving community colleges. At the request of state directors, this year we asked if state funding formulae contained any special provisions. Four states have provisions for rural community colleges (Arizona, *Florida*, Nebraska, and Nevada), 10 states indicate provisions for small colleges (Arkansas, *California, Florida, Illinois*, Massachusetts, Maryland, Mississippi, *North Carolina,* Oregon, and *Texas*), and 4 report provisions for colleges serving low property tax wealth districts (*Illinois*, Missouri, New Mexico, and Oregon). Fourteen states report they have a separate formulas for their two- and four-year institutions, while 5 report they do not.

1.8 Last year (FY2009-2010) saw tuition increases occurring in most states.
Last year (FY2009-2010), 44 of 51 respondents, or 86%, report tuition increased at community colleges; 36 of 41, or 88%, report tuition increases at public regional universities, and 41 of 46, or 89%, report tuition increases at their public flagship universities. The mean and median percentage tuition increases were 6.5% and 5.7%, respectively, for community colleges; 6.2% and 5.3%, respectively, for public regional universities, and 7.1% and 6.5% for public flagship universities. Reported mean tuition increases were higher in each postsecondary sector for the megastates than for the non-megastates (8.5% compared to 6.2% for community colleges, 8% compared to 5.9% for regional universities, and 8% compared to 7% for flagship universities). (Table 4)

1.9 Tuition was often raised on an across-the-board basis last year.
Five states report tuition increases last year (FY2009-2010) exactly the same across all sectors (community colleges, regional universities, and flagship universities: Colorado, *Florida*, Hawai'i, Louisiana, and Oklahoma. In addition, six states report raised tuition within 1 percentage point across all sectors: Arizona, Iowa, Indiana, North Dakota, Tennessee, and Utah. It is likely that across-the-board tuition increases were used to address state budget shortfalls.

"The South Carolina Technical College System (SCTCS) would agree that these new realities are our 'new norm'. The SCTCS is planning for this "new norm" by creating long term sustainability."
— South Carolina

Table 3: Formula Funding Status of Community Colleges in Year Just Completed (FY2009-2010), by State

STATE	Fully Funded	Not Fully Funded	Formula (does not apply)	STATE	Fully Funded	Not Fully Funded	Formula (does not apply)
AK			X	MT		X	
AL			X	NC	X		
AR		X		ND			X
AZ		X		NE	X		
CA		X		NH			X
CO			X	NJ		X	
CT			X	NM	X		
DE			X	NY		X	
FL		X		OH		X	
GA-USG			X	OK	X		
GA-TCS	X			OR			X
HI			X	PA		X	
IA		X		RI			X
ID			X	SC		X	
IL		X		SD		X	
IN		X		TN		X	
KS			X	TX		X	
KY			X	UT			X
LA		X		VA		X	
MA		X		VT			X
MD		X		WA			X
ME			X	WI			X
MI			X	WV			X
MN			X	WY	X		
MO		X		Tot n/%	6 12%	23 45%	22 43%
MS		X					

Table 3a: Formula Funding Status of Community Colleges: Year Just Completed (FY2009-2010) and the Prior Three Years (FY2006-2007, FY2007-2008, & FY2008-2009)

	Fully Funded	Not Fully	No Formula
FY2009-2010			
Number	6	23	22
Percent	*12%*	*45%*	*43%*
FY2008-2009			
Number	8	26	14
Percent	*24%*	*76%*	*na*
FY2007-2008			
Number	10	18	21
Percent	*36%*	*64%*	*na*
FY2006-2007			
Number	14	20	14
Percent	*41%*	*59%*	*na*
Percentage Point Change (FY2006-7 to FY 2009-10)	*-29%*	*-14%*	*43%*

Table 4: In the Fiscal Year Just Ending (FY2009-2010), did tuition increase in your state for each of these sectors

	Community Colleges		Regional Universities		Flagship Universities	
STATE	Yes	No	Yes	No	Yes	No
AK	Y		Y		Y	
AL	20%					
AR	3.4%		2.8%			N
AZ	7.4%				18%	
CA	Y		Y		Y	
CO	9%		9%		9%	
CT	5%		6%		6%	
DE	5.6%				3%	
FL	8%		8%		8%	
GA-USG	Y		Y		Y	
GA-TCS	12%		Y		Y	
HI	11%		11%		11%	
IA	6%				6.5%	
ID	8.1%		6.2%		6.3%	
IL	5.8%		12.5%		10.6%	
IN	5%		4%		4%	
KS	Y		Y		6%	
KY	5%		4%		5%	
LA	5%		5%		5%	
MA		N		N		N
MD	2%			N		N
ME		N				
MI	Y		Y		Y	
MN	5%		5%		7%	
MO		N		N		N
MS	3.9%					
MT		N		N	3%	
NC	13%		Y		Y	
ND		N	5.5%		5.5%	
NE	Y		Y		Y	
NH	4.6%		5%		6%	
NJ	6%		5%		5%	
NM	5%		5%		6%	
NV	10%				10%	
NY	Y					
OH	Y		Y		Y	
OK	5%		5%		5%	
OR	4%		7%		9%	
PA	3.7%		3.6%		5.5%	
RI	5%		Y		Y	
SC	Y		Y		Y	
SD	10%					
TN	6.3%		7%		7%	
TX	Y		Y		Y	
UT	8%		7.3%		7.5%	
VA	7.3%		5.3%		4.6%	
VT	4.2%		Y		Y	
WA	7%		14%		14%	
WI	4.5%		5.5%		9.2%	
WV		N		N	2%	
WY		N				N
Total	44		36		41	
Mean %	6.5%		6.2%		7.1%	
Median %	5.7%		5.3%		6.5%	

"Increased emphasis on finding ways to collaborate with the goal of cost savings (such as purchasing consortium). Some tentative questions being raised about whether, at some point, college enrollments simply cannot grow because of resource constraints."

—Wisconsin

"The continuing growth in the percentages of suburban and urban community colleges facing fiscal strain reflects the fiscal crisis as well as the enrollment challenge that these institutions face as they try to maintain the open door."

--Terrance A. Tollefson
Professor Emeritus,
East Tennessee State University

Part Two: Findings
Projections for Next Year (FY2010-2011)
Part A: The Demographic Challenge

Context: There will be 1 million more 18 to 24 year olds, and 3 million more 25 to 34 year olds in the American population from 2009 to 2012, *whether or not our public higher education institutions are funded to serve them.*

2.0 Enrollment caps at public universities "push" students to community colleges: Public flagship universities in most small states have not capped enrollments, but some large states have, and more report enrollment caps this year than two years ago.
This year, among the 50 respondents to the item "Public flagship universities have capped enrollment in my state," 11 indicate "strongly agree" or "agree," 5 are neutral, and 34 disagree or strongly disagree. Among states who agree that their public flagship universities have capped enrollments are the megastates of *California, New York, Florida, Illinois,* and the *Georgia-University System of Georgia.* Put differently, four of the nation's five largest states report capped enrollments at their public flagship universities this year. By comparison, two years ago in 2008, 8 of the 44 respondents were in agreement, and 28 in disagreement. (Table 5)

2.1 Enrollment caps at public universities "push" students to community colleges: Public regional universities in most small states have not capped enrollments, but some large states have, and more report enrollment caps this year than two years ago.
Among the 48 respondents to the item "Public regional universities have capped enrollment in my state," 2 strongly agree and 5 agree, 6 are neutral, while 17 disagree and 18 strongly disagree. Put differently, while only 7 report public regional university enrollment caps, those 7 states include three of the nation's five largest, *California, Florida*, and *Illinois*. By comparison, two years ago in 2008, 4 among the 44 respondents were in agreement. (Table 5)

2.2 While most (28) predict their state's community colleges have sufficient capacity to accommodate current and future projections of high school graduates, a third (14) do not.
Among the 50 respondents to the item "Community colleges presently have the capacity to meet current and projected numbers of high school graduates in my state," 6 strongly agree, 22 agree,8 are neutral, 8 disagree, and 6 strongly disagree. Among the 10 megastates, 9 responded to this item, and among 14 that disagree are the 5 megastates of *California, Georgia-University System of Georgia, Illinois, New York*, and *North Carolina*, as well as the fast growing community college enrollment states of Indiana, Nevada, and Utah. (Table 5)

2.3 While half of respondents (25) predict their community colleges have sufficient capacity to serve current and projected numbers of older returning adult students, nearly as many (18) do not, including many large states, states with growing Hispanic populations, and industrial Midwest heartland states.
The 50 responses to the item "Community colleges presently have the capacity to meet current and projected numbers of older returning adult students in my state," include 7 "strongly agree," 18 "agree," 7 "neutral," 12 "disagree" and 6 "strongly disagree." This year, while 25 are in agreement, there are 18 states that disagree (14 disagreed two years ago in 2008). The 18 states in disagreement include the megastates of *California, Illinois, New York,* and *North Carolina*; states with fast-growing Hispanic populations including Arizona, Nevada, and Utah; and some of the states of the industrial Midwest heartland hardest hit by the recession, including *Illinois*, Indiana, Michigan, and Missouri. (Table 5)

2.4 Community colleges have not capped enrollments in most states, except California.
Among the 51 respondents to the item "Community colleges have capped enrollment in my state," only one state indicates "strongly agree" and no state "agree," while 3 states are neutral, 16 disagree, and 31 strongly disagree. That one state indicating "strongly agree," however, is *California*; by far the nation's most populous. *California* enrolls more than one in four U.S. community college students, and substantial numbers of first-generation-in-college as well as Hispanic, African-American, Asian-American, Native American, and bi-racial students.

2.5 States report the enrollment of military veterans is on the rise. Among the 50 responses to the item, "In my state, military veterans are enrolling in substantially larger numbers," 4 indicate "strongly agree," 20 agree, and 23 are neutral, while just 3 states indicate "disagree" (Alabama, Arkansas, and Missouri). Put differently, among those venturing an opinion, 24 strongly agree or agree, and just 3 disagree, a margin of 8 to 1. Responding in agreement are the megastates of *California, Florida, both Georgia systems, Illinois*, and *Texas*. (Table 5)

2.6 Distance learning increases access despite the budget crunch. When asked "Distance learning can expand access/degree completion despite budget cuts in my state," 8 strongly agree, 27 agree 9 are neutral, while 3 disagree, and 1 strongly disagrees. (Table 5)

Table 5: Enrollment Caps and Capacity Issues

	SA	A	N	D	SD	SA/A	D/SD
5.1 Public flagship universities have capped enrollment in my state. (n=50)	3 FL, IL, IN	8 CA, CT, DE, GA-USG, MD, NY, WA, WI	5 LA, SC, SD, TX, VA,	18 AK, AL, AZ, HI, IA, KY, MA, ME, MI, MN, MO, NC, NJ, OR, RI, UT, VT, WY	16 AR, CO, GA-TCS, ID, KS, MS, MT, ND, NE, NH, NM, NV, OH, OK, TN, WV	22%	68%
5.2 Public regional universities have capped enrollment in my state. (n=48)	2 FL, IL	5 CA, CT, MD, WA, WI	6 DE, IA, LA, SC, SD, VA	17 AK, AL, AZ, IN, KY, MA, ME, MI, MN, MO, NC, NJ, NY, OR, RI, UT, VT	18 AR, CO, GA-TCS, GA-USG, HI, ID, KS, MS, MT, ND, NE, NH, NM, OH, OK, TN, TX, WV	15%	73%
5.3 Community colleges presently have the capacity to meet current and projected numbers of high school graduates in my state. (n=50)	6 AR, IA, ND, NH, RI, VT	22 AK, AL, AZ, CO, CT, FL, GA-TCS, KS, KY, MA, MD, MN, MO, MS, MT, NE, NM, TN, VA, WA, WV, WY	8 ID, LA, MI, NJ, OH, SD, TX, WI	8 CA, GA-USG, HI, IN, NY, OK, OR, UT	6 DE, IL, ME, NC, NV, SC	56%	28%
5.4 Community colleges presently have the capacity to meet current and projected numbers of older returning adult students in my state. (n=50)	7 AR, IA, ME, ND, NH, RI, VT	18 AK, AL, CO, FL, GA-TCS, GA-USG, MA, MS, KS, KY, MD, MN, MT, NE, SD, VA, WA, WY	7 ID, LA, NJ, NM, OH, TX, WI	12 AZ, CA, CT, HI, IN, MO, NY, OK, OR, TN, UT, WV	6 DE, IL, MI, NC, NV, SC	50%	36%
5.5 In my state, military veterans are enrolling in substantially larger numbers. (n=50)	4 FL, IN, KS, WI	20 AZ, CA, CT, GA-TCS, GA-USG, IA, ID, IL, MA, MN, ND, NH, NJ, OR, SC, TX, VA, WA, WV, WY	23 AK, CO, DE, HI, KY, LA, MD, ME, MI, MS, MT, NC, NE, NM, NV, NY, OH, OK, RI, SD, TN, UT, VT	3 AL, AR, MO	0	48%	6%
5.6 Distance learning can expand access/degree completion despite budget cuts in my state. (n=48)	8 HI, LA, ME, ND, NJ, TX, UT, VT	27 AK, AL, AZ, CA, CO, DE, IA, IN, KY, MA, MN, MS, MT, NC, NE, NH, NM, OH, OK, OR, SC, SD, VA, WA, WI, WV, WY	9 AR, CT, FL, ID, IL, KS, MD, MO, RI	3 GA-USG, NV, NY	1 MI	73%	8%

"The critical part of this is loading classes. Low enrollment classes are either cancelled or under intense scrutiny. We also are less tolerant of low enrollment programs."
— Idaho

Table 6: Please estimate the enrollment change in your state for 2010-2011:			
STATE	Increase	Decrease	Not sure/not available
AK			X
AL	12%		
AR	7%		
AZ	6%		
CA			X
CO	15%		
CT	10%		
DE	3%		
FL	*7%*		
GA-USG	*10%*		
GA-TCS	*10%*		
HI	10%		
IA			X
ID	10%		
IL			*X*
IN	15%		
KS			X
KY	10%		
LA	6.8%		
MA	8%		
MD	7%		
ME	4%		
MI			X
MN	1%		
MO	15%		
MS	15%		
MT	5%		
NC	*8%*		
ND			X
NE	5%		
NH	8%		
NJ	5%		
NM	8%		
NV			X
NY	*9%*		
OH	*10%*		
OK			X
OR	12%		
PA			*X*
RI			X
SC			X
SD	Y		
TN			X
TX	*10%*		
UT			X
VA	3%		
VT			X
WA	0%		
WI	5%		
WV			X
WY	15%		
Total n	35	0	16
Mean %	9%		

2.7 Surging community college enrollments—9% average predicted increase next year--are the result of (a) the demographic expansion of high school class sizes in many states, (b) enrollment caps at universities, (c) unemployed workers seeking retraining. Respondents were asked to estimate the enrollment change at community colleges in their states for next year (2010-2011). Among 48 responding states, 16 said they either did not know or that the data were not available; all 35 of the remaining states predict an increase in enrollment in FY2010-2011, with an estimated average increase of 9%. (Table 6)

2.8 Fifteen states predict enrollment increases of 10% or greater, and no state predicts an enrollment decrease. Among the 7 of the 10 largest states that provided estimates, one predicts an increase of 7% (*Florida*), one predicts 8% (*North Carolina*), one predicts 9% (*New York*), and 4 predict increases of 10% (*Georgia-University System of Georgia, Georgia-Technical College System, Ohio*, and *Texas*). (Table 6)

2.9 Facilities to provide capacity is a major issue for community colleges in this boom. Among 49 respondents to the item, Funding for facilities (new construction and renovation) is a major need in my state," 92% of respondents indicate "strongly agree" or "agree" (23 and 22, respectively)," while 4 indicate "neutral." None disagree or strongly disagree. Last year, 46 respondents were in agreement, 2 neutral, and none disagreed. (Table 7)

2.10 Federal aid for building capacity through facilities funding is needed. Among 50 respondents to the item "Federal aid for facilities (new construction and renovation) is needed in my state," 16 strongly agree, 22 agree, 9 are neutral, while 3 disagree and none strongly disagree. Put differently, better than 3 in 4 (38 or 76%) are in agreement, including most megastates, those with fast-growing Hispanic enrollments, and those of the industrial Midwest heartland. This strongly suggests that the facilities portion of President Barack Obama's American Graduation Initiative, which was not passed in 2010, is still needed. (Table 7)

Table 7: Federal Funding for Facilities							
	SA	A	N	D	SD	SA/A	D/SD
7.1 Funding for facilities (new construction and renovation) is a major need in my state. (n=49)	23 AK, AR, AZ, CO, DE, *GA-USG*, HI, ID, *IL*, IN, ME, MO, MS, *NC*, ND, NJ, *NY*, *OH*, TN, VT, WA, WI, WV	22 AL, *CA*, CT, *FL*, *GA-TCS*, IA, KS, LA, MA, MD, MN, MT, NE, NH, NV, OK, OR, RI, SD, UT, VA, WY	4 KY, MI, NM, *TX*	0	0	92%	0%
7.2 Federal aid for facilities (new construction and renovation) is needed. (n=50)	16 AK, AZ, CT, DE, *IL*, LA, ME, MO, MS, *NC*, NJ, SC, TN, VT, WI, WV	22 AL, AR, *CA*, *FL*, *GA-TCS*, HI, IA, MA, MI, MT, ND, NE, NH, NV, *NY*, OK, OR, SD, UT, VA, WA, WY	9 CO, *GA-USG*, KS, MD, MN, NM, *OH*, RI, *TX*	3 ID, IN, KY	0	76%	6%

Table 8:
Type of community colleges (rural, suburban, urban) predicted to sustain the greatest fiscal strain in FY2010-2011

STATE	RURAL n=48					SUBURBAN n=47					URBAN n=44				
	SA	A	N	D	SD	SA	A	N	D	SD	SA	A	N	D	SD
AK		X						X					X		
AL		X													
AR			X					X				X			
AZ	X						X					X			
CA		X					X					X			
CO	X						X					X			
CT		X					X					X			
DE		X					X					X			
FL		X					X				X				
GA-USG			X					X					X		
GA-TCS		X							X				X		
HI															
IA		X						X					X		
ID			X					X					X		
IL	X								X		X				
IN		X					X					X			
KS	X								X			X			
KY		X					X					X			
LA	X					X					X				
MA			X					X					X		
MD		X					X					X			
ME	X							X					X		
MI															
MN	X						X					X			
MO	X					X					X				
MS	X					X									
MT			X					X					X		
NC		X							X					X	
ND					X										
NE		X					X					X			
NH	X						X					X			
NJ			X					X					X		
NM	X							X					X		
NV	X					X					X				
NY	X							X					X		
OH			X					X					X		
OK			X					X					X		
OR	X						X					X			
PA			X					X					X		
RI								X							
SC	X						X					X			
SD			X					X					X		
TN		X					X					X			
TX	X					X					X				
UT			X					X					X		
VA		X					X					X			
VT	X					X					X				
WA		X					X					X			
WI	X					X					X				
WV			X					X					X		
WY			X					X							
Total *n*	18	16	13	0	1	7	17	19	4	0	8	18	17	1	0
Total %	38%	33%	27%	0%	2%	15%	36%	40%	9%	0%	18%	41%	39%	2%	0%
SA/A & D/SD *n*	34		13	1		24		19	4		26		17	1	
SA/A & D/SD %	71%		27%	2%		51%		40%	9%		59%		39%	2%	

2.11 All community colleges, and especially rural community colleges, face fiscal strain.
In each report we have conducted since FY2003, respondents predict that by geographic type (rural, suburban, and urban), rural community colleges will face the greatest fiscal strain. Last year, for the first time, a majority of respondents predicted that their state's suburban and urban community colleges would experience financial strain. Among 48 respondents, 34 strongly agree or agree that rural community colleges within their states would face great fiscal strain (or 71%), while 24 respondents strongly agree or agree that suburban community colleges will be strained (51%) and 26 or 59% predict urban community colleges would face great fiscal strain. Ten more states indicated suburban and 14 urban community colleges than three years ago. Only 1 state disagrees or strongly disagrees that their rural and urban community colleges will not feel great fiscal strain next year, and just 4 are in disagreement for their suburban community college, another indication of the fiscal stress states are operating under to fund access. (Table 8)

2.12 Five of six key community college functions are predicted to stay the same; an increase is predicted only for noncredit federal training.
When asked how key functions of community colleges will fare in the FY2010-2011, the majority of the states predict that all six of the key functions will "stay the same." Among 48 respondents for "General Education/Transfer" function, 24 predict "stay the same," 21 predict "strengthen," and 3 predict "weaken." Among 46 respondents for the "Vocational/Occupational/ Technical Education" function, 29 predict "stay the same," 13 predict "strengthen" and 4 predict "weaken." Among the 45 respondents to the "Noncredit Courses/ Community Services" function, 28 predict "stay the same," 3 predict "strengthen," and 14 predict "weaken." Among the 46 respondents to "Developmental Education," 25 predict "stay the same," 16 predict "strengthen," and 5 predict "weaken." Among the 42 respondents to the "Fine Arts/Cultural Arts" function, 30 predict "stay the same," 2 predict "strengthen," and 10 predict "weaken." Alone among the six key functions, a plurality of the 41 respondents to the "Noncredit Federal Training" function of 17 predict "strengthen," while 17 predict "stay the same, " and 7 predict "weaken." (Table 9)

Part B: State Operating Budgets, Tuition, and State-Funded Student Aid

2.13 Next year, state operating support for ALL education sectors is predicted to decline, with 21 states treating all postsecondary sectors exactly the same.
Among the 19 states that provided predicted changes in state operating budget support for K-12 education, a majority (11) predict an average decrease of 4%. This is the largest decrease of any education sector, and includes Hawai'i (18%), Mississippi (11.9%), New Jersey (14%), and Virginia (9%). Respondents from 43 states predict an average operating budget decrease of 1.9% for community colleges, 14 predict a 3.2% operating budget decrease for their Historically Black Colleges and Universities, 36 states predict an average budget decrease of 1.4% for regional universities, and 39 predict an average decrease of 1.9% for their public flagship universities. Twenty-one states treat all postsecondary sectors exactly the same and another 2 predict operating budgets for next year within one percentage point, and 24 respondents predict operating budgets for regional and flagship universities the exact same. (Table 10)

Table 9:
Summary of Predicted Changes in Community College Functions:
Next Year (FY2009–10 to FY20010-11), compared to Four Years Ago
(FY2006-7 to FY2009-10)

KEY COMMUNITY COLLEGE FUNCTIONS	FY2006-2007 to FY2007-2008			FY2008-2009 to FY2009-2010			FY2009-2010 to FY2010-2011			FOUR-YEAR CHANGE		
	Strengthen	Stay the same	Weaken	Strengthen	Stay the same	Weaken	Strengthen	Stay the same	Weaken	Strengthen	Stay the same	Weaken
General Education/ Transfer	24	21	1	10	33	5	21	24	3	-3	3	2
	52%	48%	2%	21%	69%	10%	44%	50%	6%	-8%	2%	4%
Vocational/Occupational Technical Education	31	16	1	11	30	7	13	29	4	-18	13	3
	63%	33%	2%	23%	63%	15%	28%	63%	8%	-35%	30%	6%
Non-Credit courses/ Community Services	10	35	3	2	27	19	3	28	14	-7	-7	11
	21%	73%	6%	4%	56%	40%	7%	62%	31%	-14%	-11%	25%
Non-Credit Federal Training	13	27	2	22	21	6	17	17	7	4	-10	5
	29%	60%	11%	45%	43%	12%	41%	42%	17%	12%	-18%	6%
Developmental Education	13	31	2	9	30	10	16	25	5	3	-6	3
	28%	67%	4%	18%	61%	20%	35%	54%	11%	7%	-13%	7%
Fine Arts/Cultural Arts	1	41	2	0	30	19	2	30	10	1	-11	8
	2%	93%	5%	0%	61%	39%	5%	71%	24%	3%	-22%	19%

"Efficiencies realized through college partnerships and coordination will meet regional needs, enhance student access and success, strengthen academic and professional and technical programs, and develop and retain high quality faculty."
— Washington

Table 10: Changes in State Operating Budget Support from FY2009-2010 to FY2010-2011, By Sector and State

STATE	K-12 Education	Community Colleges	HBCUs (if any)	Regional Universities	Flagship Universities
AK		3.9%		3.9%	3.9%
AL					
AR		3.3%	1.9%	1.8%	1.9%
AZ		-11.8%			-7.3%
CA		2%		5%	5%
CO		-7.8%			
CT	1.5%	-1%		0%	-7%
DE		-1.6%			
FL	0.02%	6.5%	-4%	3.3%	3.3%
GA-USG		-10.1%	-10.1%	-10.1%	-10.1%
GA/TCS		1.3%			
HI	-18.0%	-23%		-23%	-23%
IA	2%	-13.3%			-2%
ID	-7.5%	-12.9%		-14%	-23.5%
IL	-4.1%	-3.8%		-6.4%	-6.2%
IN					
KS		0%		0%	0%
KY		-1.4%	-1.4%	-1.4%	-1.4%
LA		2.3%	-1.9%	-0.05%	-0.02%
MA		-12%			
MD		-3%	3%	3%	3%
ME		0%			
MI	5%	0%		0%	0%
MN		9%		9%	
MO	2%	-5.2%	-5.2%	-5.2%	-5.2%
MS	-11.5%	-10.4%	-11.8%	-11.8%	-11.8%
MT	0%	0%		0%	0%
NC	-5%	5.5%	-1.5%	-1.5%	-1.5%
ND		4.7%		4.7%	4.1%
NE		-5%		-5%	-5%
NH		-1.5%		0%	0%
NJ	-14%	-4%		-4%	-4%
NM	-1%	1%		-6%	-4%
NV		4.3%			3.3%
NY				10%	10%
OH		1.7%	-1.7%	-0.1%	0.3%
OK		-1.8%	-1.8%	-1.8%	-1.8%
OR	-10%	-10%		-10%	-10%
PA	-1.7%				
RI	0%			0%	0%
SC		15%		21%	21%
SD					
TN		0%	0%	0%	0%
TX					
UT		3%		3%	3%
VA	-9.1%	-2.1%	-4.8%	-6%	-5%
VT		0%		0%	0%
WA		-3%		-5%	-4%
WI					
WV	-5%	-5%	-5%	-5%	-5%
WY	0%	5%			5%
Total n	19	43	14	36	39
Mean %	-4%	-1.9%	-3.2%	-1.4%	-1.9%
Median %	-1.7%	-1%	-1.9%	0.03%	-0.02%

2.14 Tuition is predicted to rise at five times the inflation rate in all postsecondary sectors.

In both bad and good budget years, tuition is often used to cover budget shortfalls for public higher education, including community colleges. In all public postsecondary sectors-community colleges, HBCUs, regional universities, and flagship universities-both the mean and median predicted tuition increases--were more than five times the 2010 Higher Education Price Index estimate of inflation of 0.9%. By sector, the median projected/estimated increases for FY2010-2011 were 5%, 5%, 5%, and 6%, respectively; and the mean projections were 5.7%, 5.4%, 5.7%, and 6.6%, respectively. Eight of the ten megastates, *Florida, both Georgia systems, Illinois, North Carolina, New York, Ohio*, and *Pennsylvania*, report increases averaging 7.8% compared to non-megastates averaging 5.2%. (Table 11)

2.15 Half of the states report similar state tuition policy across all postsecondary sectors.

Twelve states predict tuition increases next year exactly the same across public postsecondary education sectors (community college, HBCUs, regional and flagship universities): Alaska, Arkansas, Colorado, Hawai'i, Indiana, Louisiana, New Jersey, Nevada, Ohio, Oklahoma, Rhode Island, and Wyoming. An additional 7 states report tuition increases across all postsecondary education sectors within one percentage point: Connecticut, Delaware, Iowa, Nebraska, New Hampshire, Tennessee, and Utah. Six states report no tuition increases for their community colleges (Massachusetts, Maine, Missouri, Montana, North Dakota, and West Virginia). Similar state tuition policies across sectors may be the result of the widespread usage of tuition as a lever to make up for state budget shortfalls. (Table 11)

2.16 Estimated tuition increases vary substantially within and across postsecondary sectors.

Of the 46 states reporting predicted changes in community college tuition for FY2010-2011, 40 predict tuition increases, with 6 predicting tuition increases of 10% or more: *Georgia-Technical College System* (13%), Hawai'i (11%), Louisiana (10%), Mississippi (15%), *North Carolina* (18%), and Nevada (10%). Of the 13 states reporting predicted changes in tuition for their public HBCUs, 1 (West Virginia) reports no tuition increases, while Louisiana predicts a tuition increase of 10%. Of the 32 states reporting predicted changes in tuition for their public regional universities, 5 predict no increases and 27 predict increases; and 5 among the 27 predict tuition increases above 10%: *Florida* (15%), *Georgia-University System of Georgia* (16.5%), Hawai'i (11%), Louisiana (10%), and Washington (14%). Of the 37 states reporting predicted changes in tuition for their public flagship universities, 3 predict no increases and 34 predict increases; 7 of the 34 predict tuition increases above 10%: Arizona (11.8%), *Florida* (15%), *Georgia-University System of Georgia* (16.5%), Hawai'i (11%), Louisiana (10%), Nevada (10%), and Washington (14%). That such substantial tuition increases are occurring when the inflation rate is less than 1% (2010 HEPI is at 0.9%) suggests great uncertainty about level state funding for higher education operating budgets. (Table 11)

Table 11 : For Next Fiscal Year (2010-2011), please provide your best estimate as to the percentage increase/decrease in tuition within each sector of higher education

STATE	Community Colleges	HBCUs (if any)	Regional Universities	Flagship Universities
AK	5%	5%	5%	5%
AL	5.8%			
AR	5%	5%	5%	5%
AZ	1.5%			11.8%
CA				
CO	9%		9%	9%
CT	5%		4%	4%
DE	5.1%			5.8%
FL	8%		15%	15%
GA-USG	4.5%	8%	12%	16.5%
GA/TCS	13%			
HI	11%		11%	11%
IA	5%			6%
ID	6.5%		8.5%	9.5%
IL	7.4%			
IN	4%	0%	4%	4%
KS				
KY	4%	5%	5%	6%
LA	10%	10%	10%	10%
MA	0%		0%	0%
MD	2%	3%	3%	3%
ME	0%		4.5%	4.5%
MI				
MN	5%		5%	7.5%
MO	0%	0%	0%	0%
MS	15%			
MT	0%		0%	3%
NC	18%			
ND	0%		4%	4%
NE	5%			6%
NH	6.5%		6%	6%
NJ	4%		4%	4%
NM	9%			
NV	10%			10%
NY	5%		0%	0%
OH	3.5%	3.5%	3.5%	3.5%
OK	5%	5%	5%	5%
OR	4%		9%	9%
PA	2.9%	3%	4.5%	
RI	9%		9%	9%
SC	2.3%			
SD				
TN	7%	6.7%	6.7%	6.7%
TX				
UT	8.3%		8.2%	8.5%
VA	9.5%			
VT	3%		3%	5%
WA	7%		14%	14%
WI	4.5%		5.5%	8.2%
WV	0%	0%	0%	2%
WY	5%			5%
Total n	46	13	32	37
Mean %	5.7%	5.4%	5.7%	6.6%
Median %	5%	5%	5%	6%
"Mega-States" Mean %	7.8% (n=8)	4.8% (n=3)	7% (n=5)	8.8% (n=4)
"Nonmega-States" Mean %	5.2% (n=38)	4% (n=10)	5.5% (n=27)	6.3% (n=33)

2.17 Conditions for success of the "high tuition/high aid" model do not exist in most states.
Advocates of "high tuition/high aid" argue for close coordination of policies related to appropriations (operating budgets), tuition, and state student financial aid (merit and/or need-based), so that when tuition is increased state-student aid is increased as well. Among the 50 responses to the item "Policies for appropriations (operating budgets), tuition, and state student financial aid (merit and/or need-based) are closely aligned in my state," 14 states strongly agree or agree, 7 are neutral, and 29 strongly disagree or disagree, virtually the same response as last year. (Table 12)

2.18 State student aid investments are not keeping pace with tuition increases; more are not keeping pace this year than last year.
When asked "In the most recently approved budget, state investment in state funded need-based and merit-based student aid kept pace with tuition increases," 2 strongly agree, 5 agree, and 2 are neutral, while 28 disagree and 12 strongly disagree. Among the megastates, only Texas and Florida strongly agree and agree, respectively, and New York is neutral, and 6 megastates disagree or strongly disagree--California, Georgia-Technical College System, Georgia-University System of Georgia, North Carolina, Illinois, and Ohio. Nearly every state with substantial growth in their Hispanic high school graduation class size, excepting Florida, New York, and Texas disagree or strongly disagree. (Table 12)

2.19 Compared to last year, more states report state student aid investments are not keeping pace with tuition increases, and less report they are.
This year, respondents from 40 states indicate disagreement that in their most recently approved budget, state investment in state funded need- and/or merit-based student aid kept pace with tuition increases, compared to 28 states in 2009. In contrast, respondents from 14 states indicated agreement in 2009 compared to just 7 in 2010. (Table 12)

"Enrollment increases are associated with the new lottery scholarships available to not only new freshmen, but currently enrolled students and non-traditional students will place a strain on all institutions that are already operating with less funding than they received in 2008. "
—Arkansas

Table 12: Student Aid

	SA	A	N	D	SD	SA/A	D/SD
12.1 Policies for appropriations (operating budgets), tuition, and state student financial aid (merit and/or need-based) are closely aligned in my state. (n=50)	1	13	7	22	7	28%	58%
	LA	CA, FL, GA-TCS, HI, MI, MN, ND, OH, OK, OR, SD, UT, WA	CT, IN, MA, ME, MS, NC, TX	AK, AL, AR, GA-USG, IA, KS, KY, MD, MT, NE, NJ, NV, NM, NY, RI, SC, TN, VA, VT, WI, WV, WY	AZ, CO, DE, ID, IL, MO, NH		
12.2 In the most recently approved budget, state investment in state funded need-based and merit-based student aid kept pace with tuition increases. (n=49)	2	5	2	28	12	14%	82%
	ND, TX	AR, FL, IN, LA, MA	NY, SD	AK, AL, AZ, CA, CT, GA-TCS, GA-USG, IA, KY, MD, ME, MI, MT, NC, NE, NJ, NV, OK, OR, RI, TN, UT, VA, VT, WA, WI, WV, WY	CO, DE, HI, ID, IL, KS, MN, MO, NH, NM, OH, SC		

2.20 A majority of states predict flat funding for state funded direct grant student aid for FY2010-2011.

When asked to "estimate the percentage change from FY2009-2010 to FY2010-2011 in total state funded student direct grant aid (need- and merit-based) across all of postsecondary education," 40 states responded, of whom 10 predict cuts, while 23 predict flat funding, and 7 predict an increase (Arkansas, 300%; Florida, 3.2%; Georgia-Technical College System, 20%; Hawai'i, 8%; North Dakota, 102%; Ohio, 10.8%; Wisconsin, 5%). States cutting their student aid programs include Idaho (16.9%), Massachusetts (1.5%), Maine (4%), Missouri (44%), Nebraska (3.2%), New Jersey (5%), New Mexico (9%), Oklahoma (1.8%), Oregon (10%), and Pennsylvania (3.8%). Put differently, if the so-called "high tuition/high aid" model is to work properly, every time tuition is raised, so too must state and federal student financial aid. Seven states increased their state-assisted student aid above the 0.9% Higher Education Price Index, but better than four of five (33) did not. (Table 13)

"Reduced permanent staff, reduced services, and utilizing technology to increase efficiency in administrative functions."
— Connecticut

"… Florida will be facing for the foreseeable future will include stagnant or decreasing state funding coupled with significant annual increases in tuition."
—Florida

"Our challenges are difficult, but manageable."
— Kentucky

"Our situation is not good."
— California

Table 13:
State Funded Direct Grant Student Aid:
Average Predicted Percentage Changes (increases or decreases)

	States Responding	Cuts	Flat Funded	0.1 to ≤ 2.9%	3.0 to 5.9%	6.0 to 9.9%	10.0 to 19.9%	≥ 20%
FY2009-2010 to 2010-2011	40	10	23	0	2	1	1	3
FY2008-2009 to FY2009-2010	43	9	21	1	4	3	2	3
FY2007-2008 to FY2008-2009	41	3	13	7	6	2	7	3
FY2006-2007 to FY2007-2008	31	0	3	7	8	2	7	4
FOUR-YEAR CHANGE, FY2006-7 to FY2009-10	9	10	20	-7	-6	-1	-6	-1

Part C: Impact of the Federal Pell Grant Funding Increases

2.21 Pell Grant funding increases will significantly expand access for low-income students.
Among the 50 respondents to the item "Raising the maximum federal Pell Grant to $5,550 for next year (FY2010-2011) will help low-income students access community colleges in my state," 21 indicate "strongly agree" and 24 agree, while 2 are neutral, and 3 disagree (*Illinois*, Tennessee, and *Texas*). No state strongly disagrees. *Among those venturing an opinion, 45 strongly agree or agree, compared to 3 who disagree. Thus, by overwhelming majority respondents believe raising Pell Grant funding will help low income students access community colleges.* (Table 14)

2.22 A strong majority believe maximum Pell Grant increases will cover community college tuition increases, but that majority is smaller than last year.
When asked to respond to the item, "The increase in the maximum Pell Grant (to $5,550) in FY2010-2011 was large enough to cover the tuition increases at my state's community colleges," 18 report "strongly agree," 21 states agree, 3 are neutral, and 8 disagree, while none strongly disagree. Respondents from 9 of the 10 largest states, all with predicted expansion of Hispanics in their high school graduation class size, respond "strongly agree" or "agree" this year, with the notable exception of Colorado. Still, the majority who believe Pell Grant increases will cover community college tuition increases is smaller this year than last: 39 this year indicate strongly agree or agree, compared to 43 last year. Last year, respondents from all 10 of the nation's largest states indicated "strongly agree" or "agree;" this year, all but New York, which responded "neutral," did so. That five more states indicate "disagree" this year—8, compared to just 3 last year—may mean that with ARRA tuition caps coming off and state tax coffers not seeing sustained growth so far after the bottom of the economic downturn, significant concerns exist among state policymakers as to the ability of expanded Pell Grant funding to cover higher anticipated tuition. (Table 14)

2.23 The Pell Grant increases will not cover state cuts or flat-funding in state-funded student aid in more states this year.
When asked "The increase in the maximum Pell Grant (to $5,550) in FY2010-2011 was large enough to cover state cuts or flat funding in the state student aid program," 4 indicate "strongly agree," 10 agree, 18 are neutral, while 14 disagree and 4 strongly disagree. Put differently, among the 32 venturing an opinion, 14 strongly agree or agree, while 18 disagree or strongly disagree; this compares to 16 who indicated "strongly agree" or "agree" last year, and 14 who indicated "disagree" or "strongly disagree." (Table 14)

2.24 Making the Pell Grant program an entitlement will help community colleges reach academically talented, economically disadvantaged students.
When asked "Making the Pell Grant program an entitlement would help community colleges in my state reach academically talented, economically disadvantaged students," 8 indicate "strongly agree," 17 agree, 22 are neutral, while 2 disagree, and 1 strongly disagrees (Arkansas). Put differently, 25 strongly agree or agree this year, compared to 35 last year. Last year, none of the 10 largest states responded "disagree" or "strongly disagree," and 4 responded "neutral"—*Florida, both Georgia systems*, and *Texas*. This year, Florida disagrees, and three megastates are neutral—*Georgia-University System of Georgia, Illinois,* and *Texas*. (Table 14)

2.25 In many states, the new year-round Pell Grant bolstered 2010 summer enrollments.
When asked to respond to the item, "The new year-round Pell Grant contributed to an enrollment increase in the Summer 2010 term at community colleges in my state," 7 indicate "strongly agree," 17 agree, 23 are neutral, while just 3 respondents disagree (Hawai'i, *Illinois*, and Rhode Island) and none strongly disagree. Put differently, among those venturing an opinion on the impact of this brand new federal program, 24 strongly agree or agree as to its positive impact on Summer 2010 community college enrollments in their states, and just 3 disagree. (Table 14)

2.26 The year-round Pell Grant will improve community college degree completion.
Among the 48 respondents to the item, "The new year-round Pell Grant will improve the rate of college degree completion/success at community colleges in my state," 6 indicate "strongly agree," 23 indicate "agree," and 18 are neutral, while just one state disagrees (Florida). Put differently, among those venturing an opinion on this brand new federal program, 29 strongly agree or agree that it will improve college degree completion, and just 1 disagrees. (Table 14)

"Very sobering. We're not yet seeing the light at the end of the recession's 'tunnel'."
— New Jersey

"The projected 2010-2011 median increases in tuition for all four higher education sectors are above 5 percent. When combined with substantial increases for most recent years, the result is likely to be an unsustainable burden on current and future students. Community college leaders might wish to discuss with members of Congress and leaders in the U.S. Department of Education the possibility of adopting requirements for states to maintain their financial contributions to public higher education systems or forfeit some if not all future federal funding. Such a provision might serve as a means for motivating governors and state legislators to increase state appropriations for public higher education."

--Terrance A. Tollefson, Professor Emeritus,
East Tennessee State University

Table 14: Impact of Increases by the Federal Government in Pell Grant Expenditures in FY2010 & FY 2011							
	SA	A	N	D	SD	SA/A	D/SD
14.1 Raising the maximum federal Pell Grant to $5,550 for next year (FY2010-2011) will help low-income students access community colleges in my state. (n=50)	21 AZ, CA, CT, DE, GA-TCS, GA-USG, HI, MA, ME, MS, NC, NE, NH, NJ, NV, NY, OH, OR, SC, VT, WA	24 AK, AL, AR, CO, FL, IA, ID, IN, KS, KY, LA, MD, MI, MN, MO, MT, ND, NM, OK, RI, SD, UT, VA, WY	2 WI, WV	3 IL, TN, TX	0	90%	6%
14.2 The increase in the maximum Pell Grant (to $5,550) in FY2010-2011 was large enough to cover the tuition increases at my state's community colleges. (n=50)	18 AZ, CA, CT, GA-TCS, GA-USG, HI, ID, IL, IN, MA, MO, NC, NE, NH, NV, OH, TX, VT	21 AL, AR, DE, FL, KS, KY, LA, MD, ME, MS, MT, ND, NJ, NM, OK, SD, UT, VA, WA, WI, WY	3 NY, SC, WV	8 AK, CO, IA, MI, MN, OR, RI, TN	0	78%	16%
14.3 The increase in the maximum Pell Grant (to $5,550) in FY2010-2011 was large enough to cover state cuts or flat funding in the state student aid program:. (n=50)	4 GA-TCS, MA, NH, OH	10 CA, FL, IA, KS, KY, NC, ND, NJ, OK, WY	18 AK, AL, AZ, GA-USG, HI, LA, MD, MT, NE, NY, RI, SC, SD, TX, UT, VA, VT, WV	14 CO, CT, DE, ID, IL, IN, ME, MI, MN, MO, MS, NM, OR, WA	4 AR, NV, TN, WI	28%	36%
14.4 Making the Pell Grant program an entitlement would help community colleges in my state reach academically talented, economically disadvantaged students. (n=50)	8 AK, AZ, CA, HI, MA, NC, VT, WI	17 GA-TCS, KS, KY, LA, ME, MI, MT, NE, ND, NH, NV, NY, OH, OR, VA, WA, WY	22 CT, CO, DE, GA-USG, IA, ID, IL, IN, MD, MN, MO, MS, NJ, NM, OK, RI, SC, SD, TN, TX, UT, WV	2 AL, FL	1 AR	50%	6%
14.5 The new year-round Pell Grant contribution to an enrollment increase in Summer 2010 at community colleges in my state. (n=50)	7 GA-TCS, KS, ME, MS, NC, OH, SC	17 AL, AZ, CO, CT, ID, MI, NE, NH, NM, NY, OR, SD, UT, VA, WA, WV, WY	23 AK, AR, CA, DE, FL, GA-USG, IA, IN, KY, LA, MA, MD, MN, MT, ND, NC, NJ, NV, OK, TN, TX, VT, WI	3 HI, IL, RI	0	48%	6%
14.6 The new year-round Pell Grant will improve the rate of college degree completion/success at community colleges in my state. (n=48)	6 AK, GA-TCS, KS, ME, NH, SC	23 AL, CA, CT, GA-USG, HI, IA, ID, IL, KY, LA, MS, NC, NE, ND, NV, SD, UT, VA, VT, WA, WI, WV, WY	18 AR, AZ, CO, DE, IN, OH, MA, MD, MI, MN, MT, NJ, NM, NY, OK, OR, RI, TX	1 FL	0	60%	2%

Part D: With the End of Federal ARRA Stimulus Funds, What is the Budget Picture Next Year?

2.27 Only 11 respondents report plans for the end of ARRA stimulus funding.
Among the 48 respondents to the item, "Does your state have a plan for the end of ARRA funds," just 11 (23%) indicate "yes," while 21 indicate "no" and 16 "not sure." Put differently, over three of four indicate either having no plan or not being sure of the plan as federal ARRA stimulus funding ends in their state. (Table 15)

2.28 Tuition increases were not used to cover end of ARRA funding in 2009-2010 fiscal year.
When asked if tuition was raised in FY2009-2010 to cover anticipated cuts due to the end of ARRA funding, respondents from 7 states report "yes" (*California, Florida, Illinois*, New Jersey, Oregon, Tennessee, and Virginia), 37 "no," and 6 report "not sure." (Table 16)

"That only 11 percent of the state community college directors reported the existence of a state plan to cope when AARA funds disappear, and that 16 others said "Not Sure," speaks volumes about the still harder times times ahead for public higher education."

--Terrance A. Tollefson, Professor Emeritus, East Tennessee State University.

"We are working on identifying other sources of revenue (i.e. grants) and smarter ways of doing things to cut cost." — Idaho

"Bad, but not as bad as FY2011/2012. FY2011/2012 could be historically bad from a funding perspective." — Colorado

"Very good." — North Dakota

Table 15: Does your state have a plan for the end of ARRA funds?

STATE	Yes	No	Not Sure
AK			X
AL			X
AR			X
AZ		X	
CA			X
CO		X	
CT		X	
DE			X
FL			X
GA-USG			X
GA-TCS			X
HI			X
IA		X	
ID		X	
IL		X	
IN		X	
KS	X		
KY	X		
LA		X	
MA		X	
MD	X		
ME	X		
MI			
MN		X	
MO	X		
MS		X	
MT	X		
NC		X	
ND		X	
NE			X
NH		X	
NJ		X	
NM		X	
NV			X
NY		X	
OH			X
OK		X	
OR			
PA	X		
RI			X
SC		X	
SD			X
TN	X		
TX	X		
UT	X		
VA	X		
VT		X	
WA			
WI			X
WV			X
WY		X	
Total *n*	11	21	16
Total %	23%	44%	33%

Table 16: Item: "In the Fiscal Year just ending (FY2009-2010), was tuition raised to cover anticipated cuts due to ARRA funds ending?"

STATE *n=50*	YES	NO	Not Sure
AK		X	
AL		X	
AR		X	
AZ		X	
CA			X
CO	X		
CT		X	
DE		X	
FL	X		
GA-USG		X	
GA-TCS		X	
HI		X	
IA			X
ID		X	
IL	X		
IN		X	
KS		X	
KY		X	
LA		X	
MA		X	
MD		X	
ME		X	
MI			
MN		X	
MO		X	
MS		X	
MT		X	
NC		X	
ND		X	
NE		X	
NH		X	
NJ	X		
NM		X	
NV		X	
NY			X
OH		X	
OK		X	
OR	X		
PA			X
RI		X	
SC		X	
SD			X
TN	X		
TX			X
UT		X	
VA	X		
VT		X	
WA		X	
WI		X	
WV		X	
WY		X	
Total	7	37	6
%	14%	74%	12%

"The budget problem has become more than a revenue shortfall problem. There is a growing conservative consensus (and they are the majority party) that budgets need to be cut further in order to reduce taxes and thereby stimulate economic growth. This view is becoming an article of faith, not subject to challenge by facts or reason."

— Georgia Technical College System

2.29 While a majority (28) predict mid-year state operating budget cuts for community colleges, the number predicting mid-year cuts is smaller this year than last.

When asked to "estimate the likelihood that mid-year budget cuts in state operating funds for community colleges in your state might occur in the FY2010-2011," 6 predict "very high," and 7 "high," while 15 are neutral, 18 predict "low," and 5 "very low." This compares to the Summer of 2009, when 16 predicted "very high" and 9 predicted "high" likelihood of budget cuts for their community colleges. Among large states, *Florida, Georgia-Technical College System, Georgia-University System of Georgia*, and *North Carolina* predict "very high" or "high" likelihood of mid-year operating cuts for community colleges in FY2010-2011, while *Illinois, Ohio, Pennsylvania*, and *Texas* are neutral, and *California* and *New York* predict "low" likelihood. (Tables 17 & 17a)

"I agree that there is a 'new norm', but there is no real plan in this state to deal with the reality."

— Missouri

Table 17: Are mid-year budgets cuts in state operating funds for community colleges likely to occur next year (FY2010-2011), by state

STATE n=51	Very High	High	Neutral	Low	Very Low
AK				X	
AL		X			
AR			X		
AZ				X	
CA				*X*	
CO		X			
CT				X	
DE					X
FL		*X*			
GA-USG	*X*				
GA-TCS		*X*			
HI				X	
IA				X	
ID			X		
IL			*X*		
IN				X	
KS			X		
KY			X		
LA	X				
MA				X	
MD				X	
ME	X				
MI				X	
MN					X
MO					X
MS				X	
MT				X	
NC		*X*			
ND					X
NE		X			
NH				X	
NJ			X		
NM	X				
NV				X	
NY				*X*	
OH			*X*		
OK				X	
OR	X				
PA			*X*		
RI		X			
SC			X		
SD			X		
TN					X
TX			*X*		
UT			X		
VA			X		
VT				X	
WA	X				
WI			X		
WV			X		
WY				X	
Total n	VH6	H7	N15	L18	VL5
Total %	*12%*	*14%*	*29%*	*35%*	*10%*
VH/H & L/VL	13			23	
%	*25%*			*45%*	

Table 17a: Predicated Mid-year Budget Cuts from FY2009-2010 compare to FY2010-2011

	Very High	High	Neutral	Low	Very Low
FY2010-2011	6	7	15	18	5
%	*12%*	*14%*	*29%*	*35%*	*10%*
FY2009-2010	16	9	11	9	5
%	*32%*	*18%*	*22%*	*18%*	*10%*
Number Change	-10	-2	4	9	0
Percentage Change	*-20%*	*-4%*	*7%*	*17%*	*0%*

2.30 The lack of state revenues will be a major budget challenge next fiscal year in most states. When asked to respond to the statement, "The lack of state revenues will be a major budget challenge for next year (FY2010-2011) in my state," 44 predict "yes," 4 predict "no" (Delaware, Hawi'i, North Dakota, Wyoming), and 3 "not sure" (Alaska, *Florida, Pennsylvania*). Of the 10 largest states, 8 report "yes," including *California, both Georgia systems, Illinois, North Carolina, New York, Ohio,* and *Texas*. (Table 18)

Table 18: ARRA Funding Issues

	Total		"Mega-States"		"Nonmega-States"	
	Yes	No	Yes	No	Yes	No
The lack of state revenues will be major budget challenge for next year (FY2010-2011) in my state	44	4	8	0	36	4
Will the end of one-time ARRA funding result in a FY2011 base operating budget cut for community colleges in my state	21	21	4	4	17	17

2.31 The end of ARRA (stimulus) funds will result in operating budget cuts in many states next year. When asked to respond to the statement, "The end of one-time ARRA funding will result in a FY2011 base operating budget cut for community colleges in my state, " 21 states predict "yes" (Arizona, Colorado, Delaware, *Florida, Georgia-University System of Georgia*, Iowa, Idaho, Indiana, Kentucky, Louisiana, Massachusetts, Maine, Minnesota, Mississippi, *North Carolina*, New Jersey, *New York,* Oregon, Tennessee, Virginia, Vermont). Twenty-one predict "no" (including megastates *California, Georgia-Technical College System, Illinois,* and *Ohio*), while 9 are not sure. Respondents report that K-12 school districts are owed unpaid funds (warrants) from state government in four states (*California, Illinois*, Minnesota, and Rhode Island); K-12 school districts are borrowing to meet payrolls in two states (Alabama, *California*); community colleges are owed unpaid funds (warrants) from state government in three states (Alabama, *California*, *Illinois*); community colleges are borrowing to meet payrolls in three states (*California*, *Illinois*, Oregon); public regional and flagship universities are owed unpaid funds (warrants) from state government in one state (*Illinois*). (Table 18)

2.32 Sluggish state tax revenues and Medicaid growth heighten structural deficit concerns. Respondents indicate structural deficits in 29 states, or 57%, including many large states (*California, Georgia-Technical College System, Illinois, North Carolina*, and *New York*) report structural deficits in their budget processes that in the long-term will hurt public higher education generally and community colleges specifically. (Table 19)

"That 71 percent of the state directors say there will be a budget gap in their respective states is unsettling, to say the least. The draconian measures that they have identified include increasing education-related fees, layoffs, furloughs, early retirement buyouts, salary reductions, reductions in employee benefits, deferred maintenance and targeted program cuts, plus several others. It may take many years to repair the damage that will be done next year, if ever."

--Terrance A. Tollefson, Professor Emeritus, East Tennessee State niversity

Table 19:
"Does a structural deficit exist in your state's budget process (including unfunded medical costs [Medicaid] and retirement benefits, etc.) that in the long-term will hurt public higher education generally and community colleges specifically?"

STATE	YES	NO	Not sure	STATE	YES	NO	Not sure
AK			X	MT	X		
AL	X			*NC*	*X*		
AR	X			ND		X	
AZ	X			NE			X
CA	*X*			NH	X		
CO	X			NJ	X		
CT	X			NM			X
DE		X		NV			X
FL			*X*	*NY*	*X*		
GA-USG		*X*		*OH*			*X*
GA-TCS	*X*			OK		X	
HI			X	OR	X		
IA		X		*PA*			*X*
ID			X	RI	X		
IL	*X*			SC	X		
IN			X	SD	X		
KS	X			TN	X		
KY	X			*TX*			*X*
LA			X	UT			X
MA	X			VA	X		
MD	X			VT	X		
ME	X			WA	X		
MI	X			WI	X		
MN			X	WV			X
MO	X			WY		X	
MS			X	Total *n* /%	29 *57%*	6 *12%*	16 *31%*
				"Mega-states" n/%	5 *17%*	1 *17%*	4 *25%*
				"Nonmega-states" n/%	24 *83%*	5 *83%*	12 *75%*

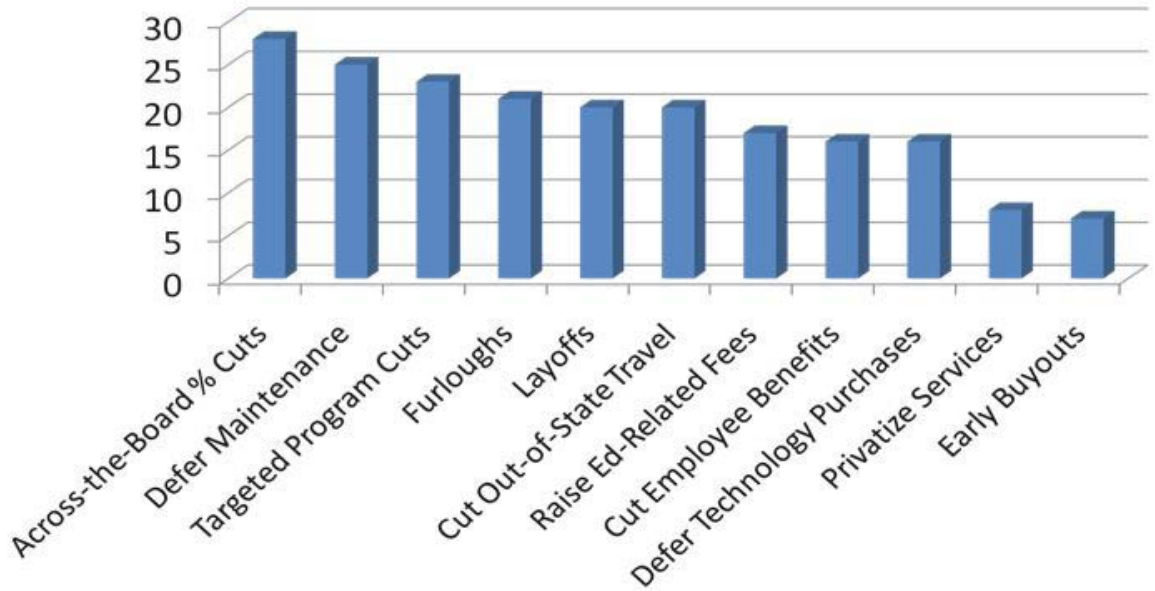
2.33 Budget Gaps are Predicted in Most States Next Year.
When asked if a budget gap exists in their states for next fiscal year (FY2010-2011), 37, or 73%, indicate "yes," 10, or 20%, indicate "no," and 4 "not sure." (Table 20)

2.34 Across-the-Board and Defer Maintenance cuts are likely strategies to close gaps.
Among the 37 who predict budget gaps in their states next year, three of four (28, or 78%) predict *Across-the-Board Percentage Cuts*; majorities of those predicting cuts also indicate *Defer Maintenance* (25 or 69%); *Targeted Program Cuts* (23 or 64%); *Cut/Reduce Out-of-State Travel* (21 or 58%); *Furloughs* (21 or 58%); and *Layoffs* (20 or 56%). This was followed by *Increase Education-Related Fees* (17 or 47%); *Cuts in Technology Purchases* (16 or 44%); *Cuts to State Employee Benefits* (16 or 44%); *Privatize Key Services* (8 or 22%); *Early Retirement Buyouts* (7 or 19%); and *Salary Reductions* (5 or 14%). (Table 20)

Table 20: Does a Budget Gap Exists in My State?

No, a budget gap does not exists in my state.	10 AR, DE, *FL*, KS, MT, ND, OK, VA, WV, WY	*20%*
Not sure if a budget gap exists in my state.	4 AK, IA, *OH*, TN	*8%*
Yes, a budget gap exists in my state.	37 AL, AZ, *CA*, CO, CT, *GA-USG*, *GA-TCS*, HI, ID, *IL*, IN, KY, LA, MA, MD, ME, MI, MN, MO, MS, *NC*, NE, NH, NJ, NM, NV, *NY*, OR, *PA*, RI, SC, SD, *TX*, UT, VT, WA, WI	*72%*

Table 20a:
If a budget gap exists in your state next year (FY2010-11), what strategies are likely to be used to close it?



Part Three: Special Section

Part A: Serving Workers Impacted by the Recession

3.1 Just 1 in 10 states allow unemployed workers to attend community colleges tuition-free.
Respondents from 39 states, including 8 of the 10 largest, report that unemployed workers cannot attend community colleges in their states tuition-free. (Table 21)

3.2 Fewer states allow unemployed workers to attend community colleges tuition-free than last year.
Last year, respondents from 11 states strongly agreed or agreed that unemployed workers can attend their state's community colleges tuition-free (Michigan, North Dakota indicated "strongly agree," and Delaware, Indiana, Mississippi, Montana, North Carolina, New Hampshire, New Jersey, South Carolina, and West Virginia "agree"). *This year, only* New Jersey *indicated "strongly agree," and only three states*—Michigan, *Pennsylvania, and* Rhode Island—*indicated "agree."*

3.3 High unemployment has overwhelmed workforce training dollars (via WIA and other sources) for community colleges in many states.
This year, when asked "In my state, increased unemployment has overwhelmed available training dollars (via WIA and other sources) for community colleges," 7 indicate "strongly agree," 17 "agree," 16 "neutral," 9 "disagree," and 1 "strongly disagree." Among the 24 "strongly agree" and "agree" responses are the megastates of *California, Illinois,* and *North Carolina*, as well as most of the states of the industrial Midwest heartland (Indiana, Iowa, Minnesota, Missouri, and Wisconsin). (Table 21)

Table 21: Community Colleges and Serving Workers Impacted by the Recession

	SA	A	N	D	SD	SA/A	D/SD
21.1 In my state, unemployed workers attend community colleges tuition-free. (n=51)	1 NJ	3 MI, *PA*, RI	8 AK, DE, *FL*, ID, LA, MS, SD, WI	20 AL, *CA*, *GA-TCS*, *GA-USG*, HI, KY, MA, ME, MN, *NC*, NE, NH, NM, OR, SC, *TX*, UT, VA, WV, WY	19 AR, AZ, CO, CT, IA, *IL*, IN, KS, MD, MO, MT, ND, NV, *NY*, *OH*, OK, TN, VT, WA	8%	76%
21.2 In my state, increased unemployment has overwhelmed available workforce training dollars (via WIA and other sources) for community colleges. (n=50)	7 IA, *IL*, *NC*, SC, TN, WA, WV	17 AL, AZ, *CA*, CT, DE, IN, KS, MA, MI, MN, MO, MS, NJ, NV, OR, SD, WI	16 AK, *FL*, *GA-USG*, ID, LA, ME, MT, NE, NH, NM, *NY*, *OH*, OK, *TX*, UT, VA	9 AR, CO, *GA-TCS*, HI, KY, MD, RI, VT, WY	1 ND	48%	20%
21.3 Increased unemployment stresses existing community college retraining capacity. (n=50)	13 AZ, *CA*, *IL*, ME, MI, MS, *NC*, NV, SC, *TX*, WA, WI, WV	22 AL, CO, CT, DE, *FL*, *GA-TCS*, HI, IA, ID, IN, KS, MA, MN, MO, NE, NJ, NM, *NY*, *OH*, OK, OR, UT	7 AK, AR, LA, NH, SD, VA, WY	7 *GA-USG*, KY, MD, MT, RI, TN, VT	1 ND	70%	16%
21.4 Concerns over addressing high unemployment is causing some to push new "quick" job training programs in non-credit areas purporting to have high completion rates. (n=49)	3 MS, SC, TN	14 *CA*, CT, ID, IN, KS, MA, ME, *NC*, NV, *NY*, *TX*, VT, WA, WV	17 AK, AZ, CO, DE, *FL*, IA, *IL*, LA, NH, NJ, NM, *OH*, OR, RI, SD, UT, WY	12 AL, *GA-TCS*, *GA-USG*, HI, KY, MI, MN, MT, NE, OK, VA, WI	3 AR, MD, ND	35%	31%
21.5 In my state, funding is insufficient to hire full-time faculty to staff programs in high-wage careers/fields including nursing, engineering technology, etc. (n=50)	12 AZ, *CA*, *IL*, IN, MA, ME, MS, NJ, NV, TN, WA, WV	19 AK, CO, IA, ID, KS, KY, LA, MI, MN, *NC*, NE, NM, *NY*, OR, RI, SD, VA, VT, WI	6 AR, *GA-TCS*, NH, *OH*, OK, *TX*	10 AL, CT, DE, *FL*, *GA-USG*, HI, MO, MT, UT, WY	3 MD, ND, SC	62%	26%

3.4 High unemployment in the lengthening recession is stressing the existing retraining capacity of community colleges in most states.
When asked to respond to the item, "Increased unemployment stresses existing community college retraining capacity," respondents from 13 states indicate "strongly agree," while 22 agree. Another 7 are neutral, while 7 disagree and only 1 state, North Dakota, strongly disagrees. Put differently, among the 50 responses received, by a margin of over four to one--35 or 70% are in agreement, while just 8 are in disagreement. Only 1 large state is among the 8 that disagree (*Georgia-University System of Georgia*). Among the nation's largest states, *California, Illinois, North Carolina*, and *Texas* strongly agree, and *Florida, Georgia-Technical College System, New York*, and *Ohio*, agree that high unemployment is stressing their states' existing community college retraining capacity. (Table 21)

"The state has lost 2 auto plants in the past 3 years, so this will be a long term process currently under discussion."
— Delaware

3.5 Nine of the 10 largest states, and every state in the industrial Midwest--report increased unemployment stressing the retraining capacity of their community colleges this year than last.
When asked if increased unemployment was stressing their community colleges' retraining capacity, last year respondents from 31 states indicated "strongly agree" or "agree;" this year more states (35) do so. Last year, respondents from 11 states indicated "disagree" or "strongly disagree," compared to 8 this year. Just 1 large state, *Georgia-University System of Georgia,* disagrees this year, while none strongly disagree. This year, all of the other large states, and all of the states of the industrial Midwest heartland strongly agree or agree, including *Illinois*, Indiana, Iowa, Michigan, Minnesota, Missouri, *Ohio*, and Wisconsin.

3.6 High unemployment is motivating establishment of 'quick' job training in some states.
Among the 49 respondents to the item, "Concerns over addressing high unemployment is causing some to push new 'quick' job training programs in non-credit areas purporting to have high completion rates," respondents from 3 states indicate "strongly agree," 14 "agree," 17 "neutral," 12 "disagree" and 3 "strongly disagree." Among those indicating "strongly agree" or "agree" are the mega-states of *California, North Carolina, New York*, and *Texas*, and nearly all of the states of the industrial Midwest heartland. (Table 21)

3.7 Colleges lack funding to hire full-time faculty in high-demand/high-wage fields.
Among the 50 respondents to the item, "In my state, funding is insufficient to hire full-time faculty to staff programs in high-wage careers/fields including nursing, engineering technology, etc.," 12 strongly agree and 19 agree, 6 are neutral, 10 disagree and 3 strongly disagree. Put differently, 31 or 62% strongly agree or agree, while 13 or 26% disagree or strongly disagree. Included among the respondents who strongly agree or agree are the megastates of *California, Illinois, North Carolina*, and *New York*, and most of the states of the industrial Midwest heartland (Indiana, Iowa, Michigan, Minnesota, and Wisconsin). (Table 21)

"High cost, low enrollment programs are being eliminated or upgraded. The open door is not as open to everyone, especially for lower level remedial students."
—Michigan

Part B: For-Profit College Issues

3.8 Enrollment is not growing faster at for-profit than community colleges in most states.
When asked "In my state, enrollment is growing faster at for-profit than at community colleges," Kansas is the only state to respond "strongly agree," while three states agree including the megastates of *California* and *Georgia-Technical College System*. Respondents from 19 states are neutral, while 18 indicate "disagree" and 7 strongly disagree. Put differently, among the 48 responding, a majority of 25 or 52% disagree or strongly disagree, and just 4 or 8% strongly agree or agree. (Table 22)

3.9 A plurality of respondents believe for-profit colleges have grown as state support for public higher education has declined.
When asked to respond to the item, "In my state, enrollment has grown at for-profit colleges as state support for public higher education has decreased," 2 indicate "strongly agree," 8 agree, and 18 are neutral, while 14 disagree and 5 strongly disagree. Put differently, among the 29 venturing an opinion, 10 strongly agree or agree while 19 disagree or strongly disagree, a nearly three-to-one margin. (Table 22)

3.10 In most states, oversight of for-profit colleges is responsibility of state agency.
When asked to respond to the item, "In my state, my agency is responsible for state-level oversight of for-profit colleges," 4 strongly agree, 6 agree, 5 are neutral, while 14 respondents indicate "disagree," and 18 indicate "strongly disagree." (Table 22)

3.11 Most believe that state-level oversight of for-profit colleges is not strong.
When asked to respond to the item, "In my state, state-level oversight related to for-profit college is strong," just one state (Kansas) reports "strongly agree," 10 agree, and 10 are neutral, while 15 disagree and 11 strongly disagree. Put differently, among the responses from 47 states, 11 (23%) strongly agree or agree, while 26 (55%) disagree or strongly disagree. Among the states indicating disagreement are the megastates of *California, New York, both Georgia systems, Illinois,* and *Ohio*. In the northeastern United States, where private non-profit higher education has historically been strong, just two states—Connecticut and New Hampshire—indicate strong state-level oversight of for-profit colleges. (Table 22)

Table 22: For-Profit College Issues

	SA	A	N	D	SD	SA/A	D/SD
22.1 In my state, enrollment is growing faster at for-profit than at community colleges. (n=48)	1 KS	3 *CA, GA-TCS*, WA	19 AL, AZ, CO, DE, *FL, GA-USG*, KY, LA, MD, MN, *NC*, NJ, *OH*, OK, SC, SD, TN, UT, WI	18 AK, CT, IA, ID, ME, MI, MO, NE, NH, NM, *NY*, OR, RI, *TX*, VA, VT, WV, WY	7 AR, HI, *IL*, IN, MA, MT, ND	8%	52%
22.2 In my state, enrollment has grown at for profit colleges as state support for public higher education has decreased. (n=47)	2 KS, MN	8 *CA*, CT, MO, *NY*, OK, TN, WA, WI	18 AK, AZ, CO, DE, *FL, GA-TCS, GA-USG*, IA, ID, *IL*, KY, LA, MD, NM, *OH*, SC, UT, VA	14 AL, HI, IN, ME, MI, *NC*, NE, NH, NJ, OR, RI, SD, WY, VT	5 AR, MA, MT, ND, WV	21%	40%
22.3 In my state, my agency is responsible for state-level oversight of for-profit colleges. (n=47)	4 *FL*, KS, ND, WV	6 AL, MI, *NC*, OK, *PA, TX*	5 AK, *CA*, DE, LA, MO	14 CT, ID, KY, NE, NJ, OR, RI, SC, TN, UT, VA, VT, WI, WY	18 AR, AZ, CO, *GA-TCS, GA-USG*, HI, IA, *IL*, MA, MD, MN, MT, NH, NV, *NY, OH*, SD, WA	21%	68%
22.4 In my state, state-level oversight related to for-profit colleges is strong. (n=47)	1 KS	10 AL, CT, *FL*, IN, MN, *NC*, ND, NH, OR, WV	10 AK, DE, ID, LA, MA, OK, RI, UT, WI, WY	15 *CA*, CO, KY, MD, MI, MO, NE, NJ, NM, *NY*, SC, TN, VA, VT, WA	11 AR, AZ, *GA-TCS, GA-USG*, HI, IA, *IL*, MT NV, *OH*, SD	23%	55%

Part C: The College Degree Completion Agenda and Related Issues

3.12 State-level degree completion is receiving increased attention in the states.
When asked if "Increased attention to state-level student success/degree completion is being paid in my state," of the 50 responses, 23 strongly agree, 23 agree, 2 are neutral, 1 disagrees (South Dakota) and 1 strongly disagrees (Maine). Put differently, 46 respondents, or 92%, are in agreement. (Table 23)

3.13 Campus-level degree completion is receiving increased attention in the states.
When asked "Increased attention to campus-level student success/degree completion is being paid in my state," of the 50 responses, 25 strongly agree, 19 agree, 3 are neutral, 1 disagrees (South Dakota), and 2 strongly disagree (*Illinois* and Maine). Thus, nearly 9 in 10 respondents (44 or 88%) are in agreement. (Table 23)

Table 23: Access and Completion Issues

	SA	A	N	D	SD	SA/A	D/SD
23.1 Increased attention to state-level student success/degree completion is being paid in my state. (n=50)	23 AR, *CA*, CT, *FL*, *GA-TCS*, *GA-USG*, HI, IA, *IL*, LA, MA, MI, MN, MS, ND, NH, NJ, *NY*, OK, TN, *TX*, VT, WV	23 AK, AL, AZ, CO, DE, ID, IN, KS, KY, MD, MO, MT, *NC*, NE, NM, NV, *OH*, OR, UT, VA, WA, WI, WY	2 RI, SC	1 SD	1 ME	92%	4%
23.2 Increased attention to campus-level student success/degress completion is being paid in my state. (n=50)	25 AR, *CA*, CT, DE, *GA-TCS*, *GA-USG*, HI, LA, MA, MI, MN, MS, ND, NH, NJ, *NY*, OK, TN, *TX*, UT, VA, VT, WA, WI, WV	19 AK, AL, CO, *FL*, IA, ID, IN, KS, KY, MD, MO, MT, *NC*, NE, NM, NV, *OH*, OR, WY	3 AZ, RI, SC	1 SD	2 *IL*, ME	88%	6%
23.3 New data collection systems to track student success are being developed in my state. (n=51)	22 AR, CT, DE, IA, *IL*, *GA-TCS*, *GA-USG*, HI, KS, MI, MN, MS, ND, NH, NJ, NV, *NY*, OK, *PA*, *TX*, WA, WI	23 AL, AZ, *CA*, *FL*, ID, IN, KY, LA, MA, MD, MO, MT, *NC*, NE, NM, *OH*, OR, RI, SC, TN, UT, VA, VT	5 AK, ME, SD, WV, WY	1 CO	0	88%	2%
23.4 My state's community college partner with non-public providers to expand capacity. (n=49)	4 *FL*, IA, *IL*, NH	18 AZ, *GA-TCS*, IN, KY, ME, MN, MO, MS, NJ, *NY*, *OH*, OK, OR, *TX*, UT, WA, WI, WY	12 AK, AR, *CA*, CO, ID, KS, LA, MA, NE, NM, SC, SD	10 AL, CT, *GA-USG*, MI, MT, *NC*, RI, VA, VT, WV	5 DE, HI, MD, ND, NV	45%	31%

3.14 New data collection systems to track student success are being developed in states.
When asked to respond to the item "New data collection systems to track student success are being developed in my state," 22 strongly agree, 23 agree, and 5 states are neutral, while 1 disagrees (Colorado), and no states strongly disagree. (Table 23)

3.15 Community colleges and non-public providers are partnering to expand capacity in some states.
When asked "My state's community colleges partner with non-public providers to expand capacity," 4 respondents indicate "strongly agree," 18 agree, and 12 are neutral, while 10 disagree, and 5 strongly disagree. Put differently, among 49 respondents to this item, 22 (45%) are in agreement, 12 are neutral, and 15 (31%) are in disagreement. (Table 23)

"There will be 1 million new 18 to 24 year olds, and 3 million additional 25 to 34 year olds in the US population in 2012 than there were in 2009. This will happen whether or not our higher education institutions are funded to serve them."

--Stephen G. Katsinas, Director, Education Policy Center, The University of Alabama

3.16 Legislation allowing community colleges to deliver 4-year degrees is the exception.

The item "Legislation allowing community colleges to deliver 4-year degree programs already exists in my state" evoked a strong response, as 23 indicate "strongly disagree" and 17 "disagree," for a total of 78%. Two states are neutral, 4 agree, and 5 strongly agree. Nine states indicate agreement, however, including the fast growing states of *Florida*, Nevada, *Texas*, and Washington. (Table 23)

3.17 Four-year degrees at community colleges are not likely to soon pass.

When asked "Legislation allowing community colleges to deliver 4-year degree programs may soon pass in my state," no respondent indicates "strongly agree," and just two agree (Illinois and Michigan), while 11 states are neutral, and 21 and 16 states respectively indicate "strongly disagree" and "disagree." The total in disagreement is 74% of respondents. (Table 23)

3.18 Community college capacity needs to expand to increase adults attending college.

When asked "To achieve President Obama's goal to dramatically increase numbers of adult Americans attending college requires expanding community college capacity in my state," 11 respondents strongly agree, 25 agree, and 7 are neutral, while 4 disagree and 3 strongly disagree. Put differently, among 50 respondents, 36 (72%) are in agreement, and 7 (14%) are in disagreement. (Table 23)

3.19 In light of budget cuts, however, increasing graduation rates is unlikely.

Among the 50 respondents to the item "In light of state funding cuts, achieving increases in graduation rates will be difficult," 6 indicate "strongly agree," 24 agree, and 10 are neutral, while 6 disagree and 4 strongly disagree. Put differently, among the 40 respondents venturing an opinion, 30 are in agreement (60%) and 10 are in disagreement (20%). (Table 23)

23.5 Legislation allowing community colleges to deliver 4-year degree programs already exists in my state. (n=51)	5 FL, HI, ID, ND, WA	4 AK, NV, OK, TX	2 LA, NY	17 AL, CA, CO, GA-TCS, KY, MI, MN, NM, OR, PA, SC, TN, UT, VA, VT, WI, WY	23 AR, AZ, CT, DE, GA-USG, IA, IL, IN, KS, MA, MD, ME, MO, MS, MT, NC, NE, NH, NJ, OH, RI, SD, WV	18%	78%
23.6 Legislation allowing community colleges to deliver 4-year degrees programs may soon pass in my state. (n=50)	0	2 IL, MI	11 AK, AZ, FL, ID, LA, NV, OH, OK, TX, VA, WA	16 AL, CA, CO, GA-TCS, KY, MN, NM, NY, OR, PA, SC, TN, VT, WI, WV, WY	21 AR, CT, DE, GA-USG, IA, IN, KS, MA, MD, ME, MO, MS, MT, NC, ND, NE, NH, NJ, RI, SD, UT	4%	74%
23.7 To achieve President Obama's goal to dramatically increase the numbers of adult Americans attending college requires expanding community college capacity in my state. (n=50)	11 DE, FL, HI, IA, ME, MI, NC, NH, SC, UT, WA	25 AL, AZ, CA, CO, CT, GA-TCS, GA-USG, IN, LA, MA, MO, MS, MT, NJ, NM, NV, NY, OK, OR, SD, TX, VA, WI, WV, WY	7 AK, ID, KS, MD, OH, TN, VT	4 KY, MN, NE, RI	3 AR, IL, ND	72%	14%
23.8 In light of state funding cuts, achieving increases in graduation rates will be difficult. (n=50)	6 AR, CO, MO, NV, NY, VT	24 AL, AZ, CA, CT, DE, FL, IA, ID, IL, IN, KY, LA, MD, ME, MN, MT, NC, NE, NJ, NM, OK, OR, TN, WV	10 AK, GA-TCS, GA-USG, NH, OH, RI, SC, UT, VA, WI	6 KS, MA, MS, SD, WA, WY	4 HI, MI, ND, TX	60%	20%

Appendix A: States With and Without Significant Local Support for Community Colleges

Appendix A	
LOCALLY FUNDED COMMUNITY COLLEGES According to Grapevine definition, are State-Aided Community Colleges (receive at least 10% of all revenues from local government sources)	**NON-LOCALLY FUNDED COMMUNITY COLLEGES** According to Grapevine definition, are State-Aided Community Colleges (receive less than 10% of all revenues from local government sources)
Arizona	Alabama
California	Alaska
Colorado*	Arkansas
Idaho	Connecticut
Illinois	Delaware
Iowa	***Florida***
Kansas	***Georgia***
Maryland*	Hawaii
Michigan	Indiana
Mississippi	Kentucky
Missouri	Louisiana
Montana	Massachusetts
Nebraska	Maine
New Jersey	Minnesota
New Mexico	Nevada
New York	New Hampshire
North Carolina	North Dakota
Ohio*	Rhode Island
Oklahoma*	South Dakota
Oregon	Tennessee
Pennsylvania	Utah
South Carolina	Vermont
Texas	Virginia
Wisconsin	Washington
Wyoming	West Virginia
Note: Adapted from Palmer (2008b). Megastates are marked with *italics* and **bold.** The "*" indicates the colleges that receive no local tax support.	

Appendix B:

When the recipients are asked "Please offer your comments on the general budget situation in your state for 2010-2011" (Question 17 on survey) their responses are as follows (NOTE: not all state directors replied and if a comment is not accurate then it is due to legibility issues).

AL—Divided the State Fiscal Stabilization funds between two years. Therefore the budget for 2010-2011 is buffered by those funds. However, the Proration Prevention Account and the Rainy Day Account have been depleted. Depending on the final impact of the oil spill on revenues we could be in for a dire year. With that being said, 2011-2012 could be much worse.

AR—Enrollment increases are associated with the new lottery scholarships available to not only new freshmen, but currently enrolled students and non-traditional students will place a strain on all institutions that are already operating with less funding than they received in 2008.

AZ—FY2011 shortfall is estimated at up to $1 billion or about 12% of our State General Fund Budget. Shortfall for FY2012 and FY2013 are estimated at $1.1 billion of each year, with the deficit increasing to $1.9 billion for FY2014.

CA—Not good.

CO—Bad, but not as bad as FY2011/2012. FY2011/2012 could be historically bad from a funding perspective.

CT—State revenues continue to be at much lower levels than FY2008. Standard deficit patched with one-time revenues (borrowing Federal ARRA and State Rainy Day Funds).

DE—New term of 1 or 2 years is "OK", depending on revenue.

Long term concern is: structural deficit given uncertainty of franchise tax revenue from incorporations and gambling revenues.

FL—For the fourth year in a row, the budget for 2010-2011will be a combination of strong enrollment increases and significant tuition increases. However, for the first in four years, colleges in Florida are starting with more state funding than the prior year (up 6.5% for the system). Unfortunately, because of anticipated significant enrollment increases, state funding per FTE is likely to drop for the fourth year in a row and to drop to the lowest level in the past 10 years. The state does not have the revenue to fund enrollment increases, but expects us to do our best to accommodate student growth. The ARRA money has helped to some degree, but it is likely that our state economy will not be able to replace the loss of those funds after the FY2010-2011. The capacity of our colleges to expand job training programs beyond current levels has been diminished by these factors and new resources, particularly for new faculty positions, will be needed for our colleges to increase our contribution to the economic recovery of Florida.

GA-TCS—The budget problem has become more than a revenue shortfall problem. There is a growing conservative consensus (and they are the majority party) that budgets need to be cut further in order to reduce taxes and thereby stimulate economic growth. This view is becoming an article of faith, not subject to challenge by facts or reason.

GA-USGA—Georgia is currently operating at 4% cash withholding from all agencies, except K-12 at 2%.

HI—The general fund budget reductions were severe, but are being managed for 2010-2011 through a combination of ARRA funding, salary reductions or furloughs, tuition increases, and some program reductions. With all of these adjustments, the operating budget is balanced, but enrollment pressures continue to build with the community colleges.

IL—There are candidates running for governor.

1-The incumbent plans to increase taxes and tried, but could not get it passed the General Assembly. It is believed the General Assembly could pass an increase after the elections.

2-The other candidate has taken the "no tax" pledge and plans to get out of the deficit by cutting the current budget and reprioritizing government.

Illinois is $13B in a deficit and the general funds budget is only $26B. Revenues are not projected to increase in the upcoming year.

IN—We have had 6 consecutive balanced budgets and the state is cutting budgets in state government and using reserves to avoid deficits.

IA—The State offered an early retirement plan for state workers which have resulted in considerable savings. Other saving resulted from state government reorganization legislation to reduce costs as well as certain projects being put on hold for the foreseeable future. There is guarded optimism for the budget for 2010-2011.

KS—For the current state fiscal year (FY2011), assuming actual monthly state revenues keep pace with projections, the state budget will be in balance. With regard to planning for the FY2012 budget cycle, based on the following assumptions, the projected ending balance would be slightly positive: Assuming current tax policies would be carried forward, tax revenue grows by 6 percent, school finance funding is held flat, human services caseload (primarily Medicaid) is estimated to increase by $50M, and restoring state funds when the ARRA monies will presumably end. If actual FY2011 receipts are greater than estimated, the expected FY2012 ending balance would be greater as well. However, even with an improving economic climate, Kansas clearly faces another challenging budget cycle.

KY—Difficult, but manageable.

LA—Revenue estimates indicate a likely mid-year cut. Higher Education is preparing for the end of ARRA funds which represent 24 percent of community/technical college state budgets.

MD—Has made sparing use of ARRA funds to pay salaries and other operating expenses. Maryland community colleges have had budget cuts, but remain well funded compared with most other states.

MI—Experienced 7 years of declining revenues in the state general fund due to a phase in tax cuts, high unemployment which cut state

income tax and reduced purchases that reduced sales taxes, and now, lower property tax income due to declining property values (hence, lower property tax revenue). Secondary education revenues, per legislation, are principally tied to sales tax and local property taxes. State universities revenue is the traditional tuition and fees and state aid. The lost of state general fund revenues has directly hit community colleges and universities greater, while corrections and human services costs have risen due to higher unemployment.

MN—(See Descriptions of charts: Minnesota State Colleges and Universities Trends: Appropriations, Tuition, and Enrollment)

Chart I

Tuition now makes up a much greater proportion of system revenue than a decade a go, when tuition revenue averaged 33 percent and the state appropriation contributed 67 percent.

Chart II

The $605.5 million in state resources for fiscal year 2011 is below the system's fiscal year 2002 level of funding.

Chart III

Over the past decade, state appropriation per full-year equivilant (FYE) student has decreased overall 17 percent - approximately 2 percent per year. When adjusted for inflation, state appropriation per FYE student has decreased overall 38 percent - approximately 4 percent per year.

Chart IV

When adjusted for inflation, tuition and appropriation per FYE student is projected to decrease overall 6 percent (from $7,133 to $6,682). The system is operation with less funding today than it had a decade ago. The system's purchasing power is declining.

Chart V

The system saw double-digit tuition increases during the years of appropriation reductions.

*Although tuition rates increased on average 4.9 percent in fiscal year 2010, financial resources from the American Recovery and Reinvestment Act were used to mitigate the impact to students to an average of 2.9 percent.

Chart VI

Enrollment has grown from 114, 199 FYE in fiscal year 2000 to a projected 154, 249 in fiscal year 2010 - an overall increase of 35 percent (40,050 FYE) - approximately 3.5 percent per year.

MS—I hope, given that our state budget has shrunk 10% - plus, in the past 14 months, we will not see additional cuts in 2010-2011.

MO—The state is in decent fiscal shape for FY2011, the crisis will hit in FY2012. Preemptive cuts have taken place in FY2011 although education was largely protected because of ARRA. Additional major cuts across state government will have to take place in FY2012. There is no talk of increasing taxes or other revenue to assist in FY2012.

MT—Revenue is coming in under projected levels, as a result, in the biennium beginning in 2011-2012 the state, as a whole, will witness across the board budget cuts.

NC—The North Carolina General Assembly faced an estimated $700M budget shortfall for FY2010-2011. It enacted a budget that dealt with this shortfall with a combination of revenue increases (tax, tuition, etc.), spending cuts, and the use of non-recurring funding sources (ARRA funds, State special fund balances, etc.). The use of non-recurring revenue sources (ARRA, temporary tax increases, etc.) accompanied by increasing cost – particularly Medicaid, employee benefits (health insurance and retirement), and those related to enrollment increases in education – are setting the State up for a significant budget shortfall in FY2011-2012 absent significant improvements in the economy.

NE—The state is going to attempt to deal with a $619M budget gap by using spending reductions and this will be a challenge for higher education to cut a significant portion of state funding. Community colleges rely on about 40 percent of their operating funds from state resources.

NH—We are on a biennial budget for FY2010 and FY2011. We submit soon for FY2012 and FY2013 – we will seek a 5% increase each year – Governor has asked state agencies to model a 5% reduction for 2012, and then flat at the 5% reduction for 2013.

NJ—Very sobering. Not yet seeing the light at the end of the recession's "tunnel".

NV—Based on current economic conditions a mid-year reduction in state funds in FY2011 is unlikely. However, due to loss of ARRA funds, temporary state revenues that sunset in June 2011, and a variety of other factors, Nevada faces a budget gap estimated at 40-45 percent in fiscal years 2011-2012 and 2012-2013 (Nevada is a biennial budget state).

ND—Very good.

OR—Oregon has a $2.5 billion deficit for 2011-2013 and without structural change in our tax/revenue we will see a decade of deficits.

SC—The State of South Carolina is neutral on revenue growth through July 2010. As long as the revenue growth remains neutral, then mid-year reductions will not be necessary. The biggest challenge for this year is to ensure a budget plan for 2011-2012 that will not include ARRA funding. The State of South Carolina's budget shortfall for 2011-2012 could be as high as 1.4 billion.

TN—The community colleges continue to see a decrease in state support.

TX—Due to the economic situation, the state will face a significant fiscal shortfall for the 2012-2013 bienniums. This will cause serious implications for educational funding during this period.

UT—We are expecting the budget to be about even.

VA—The state budget has stabilized through the spring 2010. Revenue collections are close to revised projections.

WA—Despite having cut $5 billion from state expenditures over the current two year period (2009-2010 and 2010-2011), Washington State still struggles with revenue collections that are lower than expected. Two months into the current fiscal year we are facing potential additional reductions (on top of the reductions taken in the prior two years) of 4% to 7% in order to balance the state budget. Although the

economy is improving, it is not improving as quickly as had been expected.
WI—2010-2011 sees continued economic problems, with high unemployment and business closing despite some early signs of possible recovery (such as slight decline in unemployment rate in some areas). Existing structural deficit growing due to shortfalls in tax collections and recent court decisions that created an additional $250M debt that State must repay to a state medical-related fund.
WY—Wyoming is still blessed with considerable mineral-generated revenue and has not contended with budget reductions experienced by many states. Unemployment is below the national average, but enrollment continues to grow, which is the principal contributor to the fiscal strains on the colleges.

On the topic "the big picture", when the recipients are asked, "Several state directors reviewing this instrument argued that we are in a 'new norm' of increasing demands with decreasing resources. Do you agree, and if so, are planning efforts underway to address the new realities? What 'big ideas' are being considered to cut cost and/or raise revenue, and are these ideas scalable and affordable (as opposed to one-shot actions that are not sustainable)?" (Question 18 on survey) their responses are as follows (NOTE: not all state directors replied and if a comment is not accurate then it is due to legibility issues).
AL—Agrees and plans to reduce staff at the system office.
AR—Agrees, but has no comment.
AZ—Agrees.
CT—Reduced permanent staff, reduced services, and utilizing technology to increase efficiency in administrative functions.
DE—The current administration has been revising ways to address the long term structural deficit while the state is finding ways of addressing the short term, annual balancing. The state has lost 2 auto plants in the past 3 years, so this will be a long term process currently under discussion.
FL—Agrees that the "new norm" the colleges in Florida will be facing for the foreseeable future will include stagnant or decreasing state funding coupled with significant annual increases in tuition. I also believe that it will include continued enrollment growth, though not at the double digit growth many of our colleges have experienced for the past few years (the Florida system is up almost 26% over the last 3 years alone). The average age of our students is continuing to decrease while the number of credit hours taken per student per term has increased for the last two years – likely due to the migration of traditional students from the state's university system and private colleges and universities to the college system, because of cost and limited enrollment opportunities.
Our colleges have made all of the sustainable cuts possible without negatively impacting the fundamental instructional programs they offer. "One-shot" actions and sustainable reductions in force in non-instructional areas have about reached sources other than those currently in use. The remaining option to colleges in the "new norm" era is to look at opportunities to down-size and focus only on the prioritized core mission of the institutions. Discussions at local and state levels have been underway for a couple of years to focus on what makes up a college's core mission and what programs and activities must be sustained at all cost. The "new norm" in Florida will likely involve the gradual elimination of those programs and activities deemed by the local boards of trustees, or in some instances by the state legislature, as being non-core and/or a lower priority.
GA-USGA—The university system is consolidating some back-office functions.
HI—The University is recommending performance based funding to the Legislature for FY2012-2014. Long term tuition strategies will also be developed (we are currently in year 4 of a six year tuition increase that will double tuition over those six years).
ID—We are getting back to basic cost accounting on a per class basis. The critical part of this is loading classes. Low enrollment classes are either cancelled or under intense scrutiny. We also are less tolerant of low enrollment programs. Over the next few years, we expect to move to straight per credit charges and closely evaluate graduation requirements. The practice of taking classes to fill out a schedule at no additional cost to the student will end. These are all sustainable actions. We will begin to operate more like a private sector institution. Our organizations will become more professionally managed by instructional department heads who do not teach. They will be held accountable for cost, quality, and balancing the ratio of adjunct and full time faculty.
We are working on identifying other sources of revenue (i.e. grants) and smarter ways of doing things to cut cost. New normal is increasing demands with decreasing resources. Non-credit workforce development and community ed. programs are expected to generate profit to help support the college. We are also forming relationships with industry leaders to support programs.
IN—It will be years before state revenues reach previous highs, therefore, new ideas and re-engineering will take place.
IA—I would agree with the statement. However, I do not see a lot of movement at this time from the colleges. There is planning going on at the individual colleges, but not as a coordinated effort across the state. At the state level, as I mentioned in the answer to number 17, the state government reorganization is consolidating some services into one agency from all state agencies (i.e. information technology and I.T. Services, equipment purchasing, etc.) for cost efficiency. This example plus all of the other cost cutting measures included in the legislation will take a while to see what the true outcome will be.
KS—The Governor and 2010 Legislature agreed to a temporary sales tax increase. After this fall's gubernatorial election, I would anticipate planning efforts will be quickly launched by a new administration to address the "current fiscal realities".
KY—We are subjecting all aspects of our system under the heading of "Transformation".
LA—The community/technical college system is moving forward with more centralized services which produce efficiencies. Colleges are looking at opportunities for grants, fund raising campaigns, fees for services, centralized online courses, eBooks, and other sustainable efficiencies.
ME—Created a new statewide foundation and launched a capital campaign.

MD—As mentioned above, Maryland is relatively well off. Therefore, we are not facing such a drastic reduction in funding as to create a "new normal". We are not considering (and have no reason to consider) any "big ideas" for raising revenue or cutting cost.
MA—Yes
MI—Every one of our 28 public community colleges have been reengineering themselves the past 5 years. High cost, low enrollment programs are being eliminated or upgraded. The open door is not as open to everyone, especially for lower level remedial students. High cost occupational education programs are being reduced as lower cost general academic courses have increased at a time when unemployed and underemployed are seeking more access to occupational education programs. Most community colleges are assessing excess cost fees for programs with contact hours of instruction greater than a ratio of 1 contact hour to 1 credit hour.
MN—Agree.
Yes, planning efforts are underway: The Board of Trustees has called for the system to engage in multi-year budget planning. Planning will be guided by three principles:

1. The Chancellor and system leadership will seek to make decisions in a way that best serves students.
2. Decisions will strive to take into account the system's mission to serve the economic development needs of the state and its communities.
3. Planning will take a multi-year approach, positioning the system for long-term financial viability.
    a. Administrative reductions through mergers of divisions at the campus level….and have you thought about campus consolidation, regionalization, or even campus closures?
    b. Colleges are looking at how they can apply the Board's early separation incentive for eligible administrators, faculty, and staff.
    c. And using program evaluation to identify budget cuts within academic programs and support services… which may also lead to retrenchment through elimination of tenured faculty positions.

As an innovative practice, some of our colleges are applying LEAN process reengineering applications to education process improvement, with one of our universities facilitating the training and coaching.
MS— Short Run- Agree (next 2 years).
Long Run- Disagree. Economic cycles are not permanent
MO—I agree that there is a "new norm", but there is no real plan in this state to deal with the reality. We will only cut programs and services, and demands will likely just not be met. There is no talk, whatsoever, about raising additional state revenue.
NC—Planning and legislative advocacy was "high stakes" for the North Carolina Community College System in 2010-2011. A 15% enrollment increase in the fall of 210 combined with budget cuts and reversions effectively meant that our "per student" funding declined by 18% in the fall semester. However, a concerted plan by the NCCCS System Office, State Board of Community College, college presidents and local trustees resulted in what we felt was one of our most successful budget years in history as our General Assembly and Governor worked to fully fund our very significant enrollment growth. This represented a tremendous accomplishment and sign of support in a difficult budget climate. In addition, they took significant action to address one of our most lingering problems regarding funding for equipment and technology by providing us the greatest one-year allocation of funds in our system's history. Our tuition increase, while large in percentage numbers, was perceived as moderate in absolute terms given our very low tuition relative to other community colleges nationally and in comparison to other higher education institutions in the state, and significant efforts were made at the legislative level to keep our program cuts to a minimum although our prison education and dual enrollment programs for high school programs were scaled back.
The next biennium will be difficult in North Carolina as the loss of stimulus funding and expiration of temporary taxes will result in an approximate 15% state budget deficit. Previous planning efforts that have existed through formal structures between state community college leaders as well as local presidents and trustees representatives are moving forward to address these difficult realities. Budget cuts and tuition/fee increases will undoubtedly be on horizon, but significant efforts will be made to minimize cuts based on previous priorities established through our budgeting/advocacy process.
NE—We do not think we are at the "new norm" quite yet, but community college CEO's have talked about the possibility of having to look to different sources of income. However, we have not been able to identify them, yet. We are currently looking at partnerships with other agencies that worked to produce more revenue for some of the work we do. We have not finalized any of these sources, but are continuing to work on possibilities.
NH—We will struggle to regain FTE money support to levels of several years ago. FTE state support has fallen 22% from FY2009 to FY2011.
To compensate: Grow enrollment, equally in non-federal areas
Increase tuition moderately
More on-line for profitability
NJ—On the "new norm" – absolutely yes
On planning - Yes, we have a statewide strategic "redesign/reengineering" discussion underway.
On Big Idea – Will be announced in fall 2010
NV—Authorization has been provided for imposition of differential student fees for high cost or high demand programs. However, to date, no community colleges have requested to impose differential student fees.
ND—We will continue the objective of looking for cost efficiencies and program priorities.

OH—I agree with the assessment that a new "norm" of increasing demands with decreasing resources exist in Ohio. Our state, however, remains focused on restraining tuition increases to the greatest extent possible while encouraging and promoting efficiencies and partnership.
OR—Agree, no "big ideas", but acknowledging the core value conflict of access and success will shift our focus to success thru performance evaluation of persistence and completions at each college.
PA—Despite the national economic crisis, Pennsylvania has continued to pursue a reform agenda by sustaining and increasing investments and ensuing accountability for results. With the recent adoption of the FY2011 budget resulting in an overall increase of 1.3%, Pennsylvania has reduced the need for cuts that would negatively impact the quality of education.
The Pennsylvania Department of Education has taken some specific actions to reduce costs at the SEA-level including instituting a hiring freeze along with other executive branch agencies since September 17, 2009. Pennsylvania has also aggressively sought to leverage public/private partnerships and philanthropic opportunities.
SC—The South Carolina Technical College System (SCTCS) would agree that these new realities are our "new norm". The SCTCS is planning for this "new norm" by creating long term sustainability. This includes reviewing our current tuition and fee structure. It is the plan that the new tuition and fee structure will provide long term sustainability as state funds continue to decrease. In addition, cost saving projects, especially with regard to ERP systems, is also helping to address long term sustainability.
TN—Discussions Underway
TX—The State has initiated a Cost Efficiencies committee which is making recommendations regarding ways in which to reduce cost and increase efficiencies in the operational aspects of higher education.
UT—Yes, we agree. Planning efforts are just beginning with a new strategic plan for the system.
VA—In November 2009, the Chancellor created Virginia's Community College Re-Engineering Taskforce, to examine and rethink every aspect of the system's organizations other than governance. The taskforce is to seek new ways of doing our work, to become smarted in our investments of people and talent and technology, to better leverage our combined size and resources, to restructure our work patterns and habits, and to break down barriers for change and improvement. Some of the "big ideas" under consideration are to strengthen and diversify the resource base, redesign development education, centralize some "back-office" functions and to develop shared services agreements, redesign of some of top high enrollment courses, to better leverage purchasing power, expand the teaching faculty employment spectrum, and to automate and redesign the delivery of selected services to students. The work of the Taskforce should be completed in time to report to the State Board of Community Colleges in November 2010.
WA—The 2010 Washington State legislature passed a bill requiring the State Board of Community and Technical Colleges (SBCTC) to work with constituent groups to identify system efficiencies. Specifically SBCTC will identify current efficiencies and seek to find future efficiencies that provide cost savings through partnerships and coordination between and among community and technical colleges. Shared services and partnerships include, but are not limited to instructional programs, student services, technologies, equipment, and structural administrative efficiencies. Efficiencies realized through college partnerships and coordination will meet regional needs, enhance student access and success, strengthen academic and professional and technical programs, and develop and retain high quality faculty.
WI—Increased emphasis on finding ways to collaborate with the goal of cost savings (such as purchasing consortium). Some tentative questions being raised about whether, at some point, college enrollments simply cannot grow because of resource constraints.
WY—Due to the consistent support Wyoming community colleges have received for policymakers of late, I do not see the phenomenon suggested unfolding in this state.

Appendix C

Table 1a
CO—Excluding ARRA -(for Community Colleges) and similar to the CC's (for Regional and Flagship).
IN—Total Higher Education is $150M over 2yrs.
MN—State Colleges and Universities $92.7M cut for FY2010 and FY2011 (The system operates under a biennial budget for two Fiscal Years. Current biennial budget represents FY2010 and FY2012 – next budget will be for FY2012 and FY2013).
NM—Plus/Minus 2%
OR—In June 2010 all state general funded programs took a 4.59% reduction including K-12. However, K-12 also received an additional $200M in February 2010, so their $243M (4.59% reduction) cut in June made their overall reduction considerably smaller.
WA—There were no mid-year cuts in 2009-2010, but all higher education institutions were cut at the beginning of FY2010. The cuts for higher education institutions at the beginning of FY2010 were:
11% for Community and Technical Colleges
22% for the Regional Universities
21% for the Flagship Universities
WI—WTCS ONLY (for COMMUNITY/TECHNICAL COLLEGES)
UW SYSTEM (for REGIONAL UNIVERSITIES)
Table 2
MN—Response is for FY2010
WI—Note: ARRA funds used to support K-12 education, which also affected other budgetary decisions.
Table 3
FL—Has both 2 and 4 year colleges in the systems – legislature rolled baccalaureate funding into the Community College Program Fund for 2010-2011. For 2009-2010 there was no formula for 4 year programs – only 2 year programs. Four year programs will be included in the funding formula for 2011-2012. Colleges in the Florida College System will remain Associate-Dominate (Carnegie Classification) for the foreseeable future.
MI— No formula other than across the board increases or decreases. (3b) The same process is used for both community colleges and universities; across the board same percentages.
MO—The formula is not state policy, it is operated among the community colleges within their association. These formulae are not "state" formulae; they are used by mutual agreement within each sector. Also, the 4-year formula has never actually been implemented.
NE—We do not have a formula for 4-year institutions.
OH—To the extent that the FY2010 appropriation was not cut.
PA—Pennsylvania did not run the formula in FY 2009-2010 and, as directed in the Public School Code, community colleges were funded on a pro rata basis based on the FY2008-2009 allocations.
TN—No formula except based on enrollment.
Table 4
AZ—Weighted averages
Increase in in-state tuition
FL—Florida's state universities (only) now have differential tuition control at the local board level and can raise tuition on top of the legislatively mandated level (for 2009-2010 was 8%) – not exceed 15% total (so the differential add on at universities for 2009-2010 was 7% on top of the original 8%).
GA-USGA—Per Credit hour rule did not increase. Students are now charged up to 15 hours, instead of up to 12 hours. Flat tuition model is now adopted at flagship.
IN—Average varies by school.
KS—Community/Technical College tuition is set by individual, independent governing boards. Increases for resident tuitions ranged from a high of 18% increase to a community college that decreased tuition by 2.4%. The largest community college in the state increased resident tuition by 6%. State University tuition is set by the Kansas Board of Regents – increases in regional universities ranged from 4% to 7.5%.
MI—Tuition percentages were in the range of from 3% to 12% for both community colleges and state universities. For community colleges, most also have an access fee for instructional contact hours in high cost programs, such as nursing.
NM—Approx. percentages.
NY—Various was the answer given for tuition increases at Community/Technical colleges.
SC—The Technical College System increased its tuition cap by HEPI (3.6% before recalculation).
TN—6.9% on UTK.
VT—5-7% was indicated as an increase in tuition for Public Regional Universities.
WI—Increase for WTCS Only Resident postsecondary/vocational adult (for COMMUNITY/TECHNICAL COLLEGES).

Table 5
OR—For the question: Community colleges presently have a capacity to meet current and projected numbers of high school graduates in my state: Very close to capacity
Table 6
CA—Not available.
IL—We estimated that enrollment will be greater than 6%. Data, however, is not yet available.
KS—12% increase.
MI—5 to 15% increases mainly in general education transfer.
MN—(FY2011 estimates are conservative and reflect steady enrollment from FY2010. FY2010 saw a 7.1% increase over the 2010 fiscal year with colleges at a 10% growth while the universities had a growth of 2.4%).
ND—Approx. 7-8%
OH—10% of greater
SC—Average increases for last academic year exceed 18% on average with some college exceeding 30% increases.
WA—Our colleges are already overenrolled by 20,000 FTES, or 15%. That same level of enrollment is expected in 2010-2011.
Table 8
MI—Here, in Michigan, it depends more on which institution has a greater dependency on state funds. That is not a rural/suburban/urban issue. The range is from 20% to 80%. I do believe that urban institution have greater needs due to the rising number of low-wage workers who lack basic skills to succeed in postsecondary education. Michigan has a minimal adult learning system to refer these students.
MO—They all will, no differentiation on geography.
WA—In Washington State location is not the dominant distinction among the colleges; instead, program mix is. With rising tuition, our traditional transfer colleges are in much better shape than those institutions with high-cost professional/technical programs. Both of them will be much better off than colleges who serve large numbers of adult basic education/English as a Second Language Students since we have a minimal tuition charge on courses in those programs.
Table 9
CT—(Other function, Please Specify): Student Services were also weakened.
IA—(Fine Arts and Cultural Arts) Not Sure.
MI—Has experienced a $75M decrease in WIA I funds. The national amount remained the same, but other states experienced increases due to their increased unemployment.
WA—(Other function) ABE/ESL was weakened.
Table 10
CA—Not sure of the percentage cut (ELEMENTARY AND SECONDARY EDUCATION).
MN—State Colleges and Universities, 9%.
MS—A decrease of 11.8 percent for all eight universities.
NM—Due to enrollment for Community/Technical Colleges.
ND—We, North Dakota, are on a biennial budget
(For COMMUNITY/TECHNICAL COLLEGES, REGIONAL, AND FLAGSHIP universities) +2.1% for 2009-2011
UT—Utah had large cuts in FY2010 and then added some funding back in FY2011. This "one-year" look at the budget changes does not reflect the reality of the recessionary budget cuts.
Table 11
AZ—Tuition increase for returning students. Increase for new students is 19%.
FL—See note on differential tuition for question: "In the fiscal year just ending (FY2009-2010) did tuition in your state increase?"
KS—Community/Technical College tuition is set by individual, independent governing boards and they have not yet reported FY2011 tuition rates. State University tuition is set by the Kansas Board of Regents – increases in regional universities ranged from 3% to 5.9%.
MI—The school aid fund was approved for 2010-2011 with an increase of 5%. University appropriations, however, have not been approved. Most indications are that a 0% will be applied across the board. We may have a continuing budget until after the November general elections.
SC—The Technical College System increased its tuition cap by HEPI (2.3%). The General Assembly has supported an increase of up to 7.9% for all of Higher Education. For Technical College below the cap, they may increase up to the cap.
UT—Simple Averages
WI—WTCS ONLY- Resident postsecondary/vocational adult (for COMMUNITY/TECHNICAL COLLEGES).
Table 13
AR—New Lottery scholarships of $100 million.
AZ—Data must be collected from state universities to answer accurately.
FL—(Merit-based aid increased 4.4%, though the maximum amount awarded per student decreased by a small amount. A portion of merit-based aid, $25 million, is tied by the Legislature to pending FMAP federal funding and may ultimately result in a reduction in merit-based aid 5% if the FMAP funding doesn't come through. Need based aid has increased at the state level by 1.8%, though colleges in Florida also have a local financial aid fee for need-based and some merit-based aid that is indexed to tuition).
IA—No Change.

MN—(Minnesota State Grant Program)
ND—204% increase.
UT—Utah had large cuts in FY2010 and then added some funding back in FY2011. This "one-year" " look at the budget changes does not reflect the reality of the recessionary budget cuts.
Table 14
MO—I thought it already was an entitlement program.
Table 15
ND—We did not utilize ARRA funds to build budget.
WA—Backfill with state funds.
Table 16
KS—No, in Kansas the ARRA/SFSF/ESF funds will end in FY2011 – the Kansas plan called for spending ARRA/SFSF/ESF for higher education over three state fiscal years – SFY 09 ($9.6 million), SFY 1- and 11 ($40 million each year).
MI—Since ARRA funds were coordinated through the Governor's Office, the colleges did not see a specific amount awarded to their institutions. The ARRA funds simply allowed the state to fund the colleges and universities at the same level as the 2008-2009.
WI—Higher education did not receive any direct ARRA funds for 2009-2010, so the ending of these funds did not affect tuition costs.
Table 17
AZ—ARRA MOE requirements prevent this for FY2011.
MN—(due to ARRA MOE)
Table 18
MN—For question: Will the end of one-time ARRA funding result in a FY2011 base operating budget cut for community colleges in my state: Likely Yes.
MO—To question: Will the end of one-time ARRA funding result in a FY2011 base operating budget cut for community colleges in my state: Our ARRA money isn't gone until FY2012.
Table 19
FL—Has structural deficits in both of the areas listed, but it is yet to be determined if these will negatively impact higher education or specifically community colleges in the long run.
MN—Economic outlook of state: large deficit that has to be solved.
Table 20
IL—(Other [Please Specify]) Borrow or bond for operations
IN—(Other [Please Specify]) Use of State reserves. Indiana has a balanced budget.
NC—To the question: If your state has a budget gap, which of the following strategies will likely be used to close it: possible for Salary Reductions.
WA—The new budget gap that has emerged 2 month in the fiscal year will be closed primarily through across-the-board percentage cuts to all state agencies and programs, as well as some targeted program cuts. Other strategies were already in place to help balance the state budget going into the current year: Increase education related fees, early retirement, buyouts, cuts in technology purchases, layoffs, furloughs, defer maintenance, targeted program cuts, cut out of state travel, and a hiring freeze.
Table 21
GA-USGA—Most of the five questions really don't apply to university system two-year colleges.
MI— Michigan implemented, through WIA I, a No Worker Left Behind program that served 130,000 certificate and associate degree seekers over 18 months. These individuals did not qualify for PELL, but were under employed or unemployed and WIA eligible. This is our only program tuition-free.
MO—Finding such faculty at any price is as much a concern as funding, which is lacking as well.
MS— Workforce training is free to students.
Increased money for training and more flexibility on how to use the money.
We do not track enrollment at for-profit institutions.
MI—Yes, we have a waiting list of 300,000 eligible persons waiting for available WIA dollars.
WI—To the question: In my state, funding is insufficient to hire full-time faculty to staff programs in high-wage careers/fields including nursing, engineering technology, etc.: Funding for faculty is only part of the resource constraint – historically high enrollments mean resource constraints on facilities, support services, technology, etc.
Table 22
NV—For the questions: In my state enrollment is growing faster at for-profit than at community colleges" and "In my state enrollment has grown at the for profit colleges as state support for public higher education has decreased?" Data has not yet been tracked.
Table 23
MN—In response to the statement: Legislation allowing community colleges to deliver 4-year degree programs may pass soon in my state: As a system of colleges and universities, we have a number of partnerships that provide for the completion of four-year degrees at our two-year colleges or within close proximity.
ND—Legislation allowing community colleges to deliver 4-year degree programs already exists in my state: Board policy not legislated.

Appendix D

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