

CCAP Module 4 - Funding

1 - Welcome

Welcome to *Community College Funding*, a professional training module from the U.S. Department of State's Community College Administrator Program.

2 - Objectives

In this module, you'll learn about

- Sources and proportions of community college funding
- How community colleges manage and spend money and
- Recent trends in community college funding.

Let's get started.

3 - Shifts in Funding for Community Colleges

Community college funding has long been characterized by shifts in *sources* of funding, as well as the *proportions* of funds drawn from those sources. With total allocations across the U.S. exceeding \$50 billion annually, the question of who pays for what is constantly in view.

4 What the Federal Government Funds

Federal funding for community college education comes primarily in the form of financial aid for attending students, often in the form of Pell grants. The following video outlines the basic principles of the Pell Grant program.

[VIDEO CLIP]

The Pell Grant program is the foundation of the federal student aid program, by far the most important contribution to the federal student aid system. Senator Claiborne Pell was the author of that program to ensure that low-income students would also be able to go on to college. The landscape looked very, very different. The concept that low-income students or students who didn't have the money to pay for college somehow also have equal access really didn't exist. The expansion of higher education under the GI Bill enabled and the tremendous economic boom during the post-war period, and Johnson saw that the GI bill is running out because we were running out of GIs, and he is actually wanting to start GI bill for everybody. Senator Pell himself was a very strong advocate of a GI bill for everyone, so that was the vision they had-equal opportunity. Give the money to the student, and let the student make choices in the education marketplace.

VIDEO CREDIT

"Pell Grant: Building Block of Student-Based Aid (Part 3)" by Lumina Foundation, Source: <https://www.youtube.com/watch?v=lo56FvkbFMgt>



5 - What State and Local Governments Fund

Since community colleges historically grew from local school districts, local contributions to funding have been the norm in many states. In this traditional model, the state, the local service area, and the student each contributes roughly one-third of the funds needed to cover the cost of community college education. This is *not* true in Florida, where funds are provided by the state.

However, competition for limited, and sometimes dwindling resources carries with it some difficult choices. The complexity of state funding formulas has tended to cut back on overall funding, shifting the burden of costs onto the students and the management of individual institutions.

6 - What Students Pay

Community college students pay for tuition, calculated on the basis of the credit-hour cost of instruction of their courses, as well as associated fees, such as consumable materials charges for laboratory courses. Students also pay for books and other instructional materials needed for classes - a cost that has been increasing significantly over the past several decades.

7 - What the Community Contributes

In states where local service districts, made up of one or more counties, contribute to community college funding, annual allocations to support the college are part of local government annual budgets. Increasingly, however, the introduction of maximum caps on funding increases - and therefore taxpayer burden - have become a part of local funding formulas. California's Proposition 13 is perhaps the most famous example of such a cap on local funding.

8 - Output: How Colleges Manage Money

On the basis of annual allocation and projected tuition revenues, colleges construct an operating budget that balances funds coming into the institution with expenses incurred in providing educational services. It is routinely the case that 75% to 80% of operating expenditures are for recurrent personnel services, as higher education remains a "people-based" business. Colleges also actively seek non-recurring sources of funds such as grants to support their work, and operating budgets seek to provide contributions to reserves for unforeseen fiscal pressures.

9 - Recent Trends

Recent trends in community college funding include

- Performance-based funding and
- The free community college movement

As an alternative to funding models based on student enrollment levels, some states have imposed constraints on allocation based on colleges achieving or exceeding pre-established performance measures. Such measures often tie funding bonuses to performance measures such as degree or certificate completion, retention rates and other student achievement



benchmarks.

At the same time, increasing tuition burdens on community college students - many of them from socio-economic classes who are least able to bear increased costs - has led to a movement to provide tuition-free community college across the U.S. The following videos from Heads Up America and an interview with Dr. Jill Biden illustrate some of the considerations involved with this striking proposal.

[VIDEO CLIP - Heads Up America]

I'm Chris. I'm Guadalupe. I'm Areesh Asanz. Hey that's not cool. I can't do that, I'm sorry. That feels great. Yeah you look amazing. OK go.

Heads up. I want to tell you something that could change the lives of 9 million students a year. But since we pay more attention to famous people.

I'm Christina Thompson. I'm Vanessa Hardy. My name is Kelly Zellner. And I go to community college.

Heads up. The average college graduate has \$28,000 in debt. Twenty-eight thousand?

There's a plan to make a college degree more accessible to more people.

I didn't believe you. Do it again.

To make two years of community college free for those willing to work for it.

And by "work" you have to get good grades and be serious about getting a degree.

Community college for everyone!

That means more American's are able to get the knowledge and skills they need to get the job they want.

You're doing great.

This is the way we get to a better smarter America.

Join the movement. Join the movement at HeadsUpAmerica.us.

This is a nice pose. [Chuckling] Yeah it's alright.

VIDEO CREDIT

"#HeadsUpAmerica: Announcement Video" by Heads Up America, Source: <https://www.youtube.com/watch?v=1xum7mHK6js>

[VIDEO CLIP - Jill Biden with Seth Meyers]

Seth Meyers (SM): Hi there! How are you? I'm so honored to have you here.

Dr. Jill Biden (JB): Why thank you.

SM: This is a very exciting initiative-this Heads Up initiative.

JB: It is.

SM: The idea of making community college free for students over the course of two years. Why?



Explain to us real quick how important this is and why it is so dear to your heart.

JB: Well I am a community college professor. I've been teaching over 30 years, and I'm still teaching full time. And we want to make college affordable and accessible for all Americans. So if you have...

[CHEERING]

JB: So a lot of college students tonight who are watching go to HeadsUpAmerica.us and look it up because it's for you. It's free for you.

[CHEERING]

SM: Very exciting. Now another very exciting thing is that you've put together a PSA and you have some very recognizable faces and I'd love to show it real quick.

JB: OK

SM: Here's a look at the PSA.

I'm Elaine Sweitzer. I'm Christina Thompson. And I go to community college.

Heads up!

The average college graduate has \$28,000 in debt.

That's great, you're doing good.

There's a plan to make two years of community college free. Free. Free for those willing to work for it.

Community college for everyone!

That means more American's are able to get the knowledge and skills they need to get the job they want.

Join the movement. Join the movement. Join the movement at HeadsUpAmerica.us.

SM: You got the president.

[CHEERING]

SM: That was the president in there.

JB: Yes, that was the president. He's behind it. He's totally behind it. And actually the student who was in that video is in the audience with her mom. Both of them went to community college together. Together!

SM: So happy you guys are here. Now of course, with any initiative you have people who are enthusiastically behind it and you have people who will have people ask how will you pay for something like this. Uh, it's supposed to cost \$60 billion over the course of 10 years, how do you answer that question, how will you pay for it?

JB: So the President's plan closes tax loopholes to pay for it. But different states have come up with different initiatives. So different states, different cities like Chicago, and my home state of



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Delaware, and Philadelphia, and Tennessee have come up with their own plans. So we're finding different ways to fund it and take it across the country.

VIDEO CREDIT

"Dr. Jill Biden Wants to Make Community College Free" by Late Night with Seth Meyers , Source: <https://www.youtube.com/watch?v=aMh4rpgw7bM?rel=0>

10 - Thank You

We hope this module helped you better understand community college funding. In the next module, you'll explore issues related to community college leadership.

ADDITIONAL CREDITS:

- Gulf Coast State College main building: <http://www.gulfcoast.edu/>
- Gulf Coast State College logo: <http://www.gulfcoast.edu/>

11 - USDOS - CCAP

The Community College Administrator Program (CCAP) is a program of the U.S. Department of State, administered by Florida State University

For more information, visit eca.state.gov or lsi.fsu.edu/ccap

