

FUNDING AND ACCESS ISSUES IN PUBLIC HIGHER EDUCATION: A COMMUNITY COLLEGE PERSPECTIVE

FINDINGS FROM THE 2009 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 TERRENCE A. TOLLEFSON, PH.D.



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DEDICATION

We dedicate this 2009 report to three individuals: First, the late Barbara K. Townsend, whose passion and commitment to excellence in scholarship related to community colleges will stand her well among the giants in the literature; second, the “Lion of the Senate,” the late Senator Edward M. Kennedy, whose support for an active federal role in student aid and facilities dates from the Higher Education Facilities Act of 1963 and the Higher Education Act of 1965 until his recent passing; and third, Robert P. Pedersen, whose unsurpassed understanding of the social and economic forces that created and sustain community colleges has informed our understanding of these institutions and their important contributions to access and social mobility.

THE UNIVERSITY OF ALABAMA EDUCATION POLICY CENTER

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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 first full year of program operation (2008-9), ACTAC advisers reached 10,000 community college students through peer counseling, workshops and outreach seminars, exceeding our goal of 8,000.

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 system-wide 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 2009, 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*, is to be released in the Fall of 2009. 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 has 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 a past president of the Council for the Study of Community Colleges, has worked with the Rural Policy Research Institute, and 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.



Stephen G. Katsinas

TERRENCE A. TOLLEFSON

is a professor emeritus in the Department of Educational Leadership and Policy Analysis at East Tennessee State University, where he specializes in community college and higher education administration. He has served as director of curriculum at Oakland Community College (MI); associate vice president for policy and planning at the North Carolina Department of Community Colleges; director of the Junior and Community College Division, National Laboratory for Higher Education; past president of the Council for the Study of Community Colleges; state director of community colleges in New Jersey and Colorado, and in a senior position with the North Carolina State Board of Community Colleges. He is a past editor of *Community College Review*, and is a former member of the board of the National Council of State Directors of Community Colleges. His publications include *Fifty State Systems of Community Colleges: Mission, Governance, Funding and Accountability* (1999).



Terrence A. Tollefson

INTRODUCTION



By **Jim 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 2009 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 important. 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 high response rates received in this and past reports, with 49 responses in each of the past two years, and 50 responses this year. While we wish the financial picture was better—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 express appreciation for the support of the Education Policy Center, College of Education, The University of Alabama; and the Department of Educational Leadership and Policy Analysis, Clemmer College of Education, East Tennessee State University. We also thank the NCSDDC 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 thank Education Policy Center Fellow Melissa P. Tarrant, and Research Associates John Logan Brady and Erica Jones for their assistance with the analysis and presentation of this report, and Gentry McCreary for his assistance in the distribution of this report, and work with the media. We thank EPC Director of Research David Hardy, EPC Assistant Director Ken McGrew, and Senior Fellows Frank Mensel and Mary Allen Jolley for their review of this work. We also thank our colleagues at the Rural Policy Research Institute - President Brian Dabson, President Emeritus Chuck Fluharty, and Chris Fulcher - for the chart on US community colleges by 2005 Carnegie Basic Classification; EPC Research Associate Matt DeMonBrun for the charts on current and projected enrollments; and the Henry J. Kaiser Family Foundation and the Lumina Foundation for Education for permission to reproduce charts included in the context section below.

Finally, we thank these community colleges for contributing photographs: Miami-Dade College (FL) (including the cover photograph); Delaware Community and Technical College, Des Moines Area Community College, (IA); East Central Mississippi Community College, Frank Phillips College (TX); Gateway Community and Technical College (KY); Howard College (TX); Greenfield Community College (MA); Itasca Community College (MN) Kirkwood Community College (IA); Massachusetts Bay Community College; Mid-Plains Community College (NE), Mohawk Valley Community College (NY), Monroe County Community College (MI), New River Community and Technical College (WV), Northeast Alabama Community College; Portland Community College (OR); Richland College, Dallas County Community College District (TX); Shelton State Community College (AL); Southeastern Community College (NC), Tarrant County College (TX); Tompkins Cortland Community College (NY); Tulsa Community College (OK); Western Oklahoma State College, and White Mountains Community College (NH). The photographs put a face upon that most human of activities—instruction, for which community colleges are famous. Of course, any errors in transcription or reporting are those of the authors alone.

FOREWORD

By **Geoffrey Obrzut, Chair, NCSDDC,
and President/Chief Executive Officer
Illinois Community College Board**



The National Council of State Directors of Community Colleges (NCSDDC) is pleased to support the publication of *Funding and Access Issues in Public Higher Education: A Community College Perspective*, the 2009 Survey of the National Council of State Directors of Community Colleges.

The structures of state-level coordination and governance are highly varied across the 50 states. Some have only separate statewide boards for community colleges, some have a single statewide board coordinating both two-year and four-year institutions, and, in some states, the same statewide board that coordinates elementary and secondary education also coordinates community colleges. In several states, a statewide board both coordinates and serves as the sole governing board for all its community colleges.

Despite these differences in structure and governance, members of NCSDDC are well positioned to comment on issues of access and funding in their own sectors, other sectors of education, and in the state government. In approximately half of the states, some or all community colleges receive funding from local government sources. It is well known that 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.

Readers should also be aware of a key difference that exists 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 as to how large 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.

The year 2009 has seen an unprecedented interest at the national level in community college issues, starting with the American Recovery and Renewal Act in early February 2009, which provided substantial support to the states, President Barack Obama's speech to a Joint Session of the Congress in late February 2009 calling for our nation to regain its #1 ranking as a percentage of our adult population with a baccalaureate degree, and the President's American Graduation Initiative, which calls for a half a million new community college graduates every year by 2020, announced on July 14, 2009. The AGI called for a \$10 billion revolving loan fund to support community college facilities construction and renewal; this subject has been a concern of NCSDDC members, as evidenced by the Special Section on Facilities in our 2007 survey.

This is the first of two reports resulting from the 2009 Survey of Finance and Access. This year's special section is on the recession, the ARRA, and community colleges and is scheduled for release next month. 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. We are also making available a summary and powerpoint presentation of the 2009 results at the Education Policy Center Website.

I wish to thank the authors of this report, Stephen G. Katsinas and Terrence A. Tollefson, for their commitment to this important project. I would also like to thank members of the NCSDDC for their generosity in working with Steve and Terry in the development of the survey instrument, as well as the staff of the American Association of Community Colleges for their assistance: President and CEO George R. Boggs, Vice President for Government Relations David Baime, Senior Legislative Associate James Hermes, and Legislative Associate Laurie Quarles. Finally, I wish to thank the members of NCSDDC for their participation and continuing interest in this important project.

EXECUTIVE SUMMARY

“In this dynamic and challenging environment, it is more important than ever to have an accurate and current view of what is happening in the states across the country and how education is being supported. Colleges struggle during economic downturns to accommodate surging enrollments at the same time that public funding is being cut. If AACC and state associations are to be effective in advocating for funding support, we need accurate and current information. I appreciate the work that Dr. Katsinas and his team did to make this report a reality. Thanks also go to those state-level executives who responded to the survey.”

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

Funding and Access Last Year

By a 3:1 margin, mid-year cuts were the norm last year (FY2008-2009) for all postsecondary sectors, and nearly as many report mid-year cuts in K-12 (18) as did not (21).

All public higher education sectors are receiving equal treatment-cuts; national publicity for community colleges has not produced more state funding.

With 43 of 47 responding “strongly agree” and 2 “agree,” “Recession, producing a decline in revenue,” was by far the top budget driver in last year’s state budget process. “K-12 Education,” “Medicaid” and “ARRA Funding” were the other key budget drivers, and ARRA funds positively impacted state budgets. *No other item—including “Higher Education”—ranked above 50%.*

Most states (39 of 49) used ARRA stimulus funds for their intended purpose--to backfill revenue shortfalls, *not* for one-time innovations or investments (32 of 49). When the 39 responding “strongly agree” or “agree” are cross-listed with those states taking mid-year budget cuts last year, 31 or 4 of 5 took mid-year cuts, *providing strong evidence federal ARRA stimulus funds were used for the purpose for which they were intended, to backfill revenue shortfalls in state tax revenues.*



Northern Wyoming Community College District (WY)

Predictions for Next Year (FY2009-10)

Declines in state operating budget support is predicted for every education sector. *Each sector must meet inflation increases and program retooling costs from their existing budgets, while enrollments grow to record levels pre-K-12 through higher education.*

The predicted average state operating budget decline of 1% for community colleges is larger than any other postsecondary sector, despite record enrollments. Thirty-seven states report cuts, flat funding, or increases of less than the 2.3% Higher Education Price Index (HEPI) inflation measure for FY2009, and 7 of 9 megastates saw declines: *California, -14%; Florida, -0.32%; Georgia-University System, -5%; Georgia-Technical Colleges, -10%; Illinois, flat; North Carolina, -3.5%; New York, flat (only Ohio and Texas predict increases).* Combined with the large growth in high school graduates, the reported failure of 26 of 34 states to fully fund their community college funding formulas, and the perception that rural, suburban, and urban community colleges in many states face great fiscal strain, the funding picture has clearly weakened.

Tuition is predicted to rise at more than double the rate of inflation; many predict exact same/nearly the same tuition increases across all postsecondary sectors. In good and bad years, states use tuition to raise funds to cover budget shortfalls for all of higher education and community colleges. The predicted tuition increases at community colleges (46 states), regional universities (34), and flagship universities (37 states) of 5%, 5.5%, and 5.5%, respectively, *are all more than double the FY2009 HEPI of 2.3%.*

High tuition/high aid does not work, because states slash state student aid programs during recession, while

simultaneously raising tuition to offset budget shortfalls. For “high tuition/high aid” to work, every tuition increase must be accompanied by a corresponding increase in state 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 were flat-funding or cutting their state student aid programs. This year—with America in even deeper recession—among 43 responding states, 9 predict cuts next year in their state student aid programs (need- or merit-based) and 21 predict flat-funding their programs—while most are raising tuition. **Put differently, 30 of 43 responding states indicate cuts or flat-funding in their state student aid programs (70%), a figure far worse than the FY2003 recession.**

A weakening of 5 of 6 key community college functions is predicted next year. In his July 14, 2009 remarks at Macomb Community College (Michigan), President Barack Obama noted the success of a former autoworker who had completed a nursing degree. *The two for-credit functions employing the most full-time faculty—general education/transfer, and vocational/occupational/technical education—are both predicted to weaken next year.* Yet higher cost programs correlate directly to high-wage, high-demand jobs including allied health, nursing, and engineering technology; *with predicted cuts in state operating budgets, community colleges are challenged to retool their program mix to assist workers in this recession.*

Next year, mid-year budget cuts for community college operating budgets are likely. Twenty-five responded “very high” and 9 “high,” and among the nation’s largest states, 4 indicate “very high” (California, Georgia [both its University System and Technical Colleges], and New York; 2 indicate “high” (Florida and North Carolina).

Four of five (33), including most large states and those with growing enrollments, are concerned about structural budget deficits *resulting from steep revenue declines, and growing Medicaid and pension costs.* Six of nine reporting megastates indicate a structural deficit exists that will hurt higher education generally and community colleges specifically.

Next year, ALL types of community colleges will face fiscal strain, and rural colleges the greatest strain. Since our first report in FY2003, respondents indicate rural community colleges will face the greatest fiscal strain, but last year we noted a jump in respondents indicating suburban and urban community colleges faced great fiscal strain. *This year,*

36 respondents (or 78%) “strongly agree” or “agree” that their rural community colleges, and for the first time a majority 26 (or 59%) indicate their state’s urban community colleges will face great fiscal strain, a clear sign of fiscal weakness.

PART 3: SPECIAL SECTION

“Never before have community colleges been asked to do so much in times when there is so little and the need is so great. *Funding and Access Issues in Community Colleges* presents the reality of the challenges confronting the contemporary community college. This report will assist policy makers in unraveling the intricacies of the situation.”

**--LINDA SERRA HAGEDORN, DIRECTOR
RESEARCH INSTITUTE FOR STUDIES IN EDUCATION,
IOWA STATE UNIVERSITY;
PRESIDENT-ELECT, ASSOCIATION FOR THE STUDY
OF HIGHER EDUCATION**

1. Uses of ARRA Funds Next Year

Next year, a plurality of states (23 agree, 21 disagree) predict ARRA funds will be used to backfill shortfalls in state revenues; a plurality (24 agree, 23 disagree) predict ARRA funds will be used for one-time purposes; and a majority (29) predict ARRA funds will prevent even deeper cuts next year. Respondents are divided in predicting whether or not ARRA funds will prevent cuts in state student aid programs, including 6 of 9 reporting megastates. **Concerns exist that ARRA funding cannot make up for steep, declining state tax revenues next year (24 agree [including 6 of 9 reporting megastates] and 13 disagree).** Most believe community colleges were fairly treated in distribution of ARRA funds (27, 8 disagreed, and 13 are neutral). **Four of five are concerned about what will happen when ARRA funds run out in FY2011.**

2. Serving Workers Impacted by the Recession

Few states (4 agree, 39 disagree) assign formal responsibility for workforce training to community colleges. The Job Training Partnership Act passed in the 1982 recession ushered in today’s community college involvement in worker retraining, *yet just 4 states formally assign this function to community colleges. Only 11 states, including one megastate (North Carolina) offer free tuition to unemployed workers at community colleges for retraining, while 28 do not.*

Predictions for Next Year (continued)

About a third of states indicate increased unemployment has overwhelmed available workforce training funds (via the Workforce Investment Act and other sources) for community colleges. A third are neutral, and a third disagree; among the third that “strongly agree” or “agree” are *California, Illinois, and North Carolina*.

By a margin of 3:1, high unemployment is stressing the existing retraining capacity of community colleges.

Among 9 megastates, *California, Illinois, North Carolina, and Ohio* “strongly agree,” and *Florida, Georgia’s Technical College System, New York, and Texas* “agree.”

The DREAM Act and Its Potential Impact

State policies are quite varied as it relates to tuition and undocumented students (16 agree, 19 disagree). A plurality (21) believe if passed, the DREAM Act will impact community colleges more than other postsecondary sectors (13 disagree, 13 are neutral), and responses are divided as to whether or not it would produce a spike in community college enrollments. Several states who disagreed noted in written comments that by allowing local high school graduates to pay in-state tuition, the DREAM Act was effectively passed already; others note undocumented high school graduates suffer from high rates of stop-in/stop-out due to inability to qualify for student aid.

The Impact of Pell Grant Increases in FY2009/FY2010

A strong majority (41 of 47 responses or 84%), including most megastates, predict raising Pell Grants to \$5,350 next year significantly helps low income students access community colleges. A strong majority (43 of 48 responses), including all 9 megastates, predict the Pell Grant increase was large enough to cover likely tuition increases (only 3 disagreed), but responses are divided as to whether the Pell increase will be large enough to cover cuts/flat-funding of state student aid programs (16 agree, 18 neutral, and 14 disagree). Low tuition is in effect the state student aid program in a third of the states that have small state funded need- and/or merit-based financial aid programs. A strong majority (35 of 48 responses) predict making Pell Grants an entitlement will help community colleges reach talented, disadvantaged students.

PART 4: “HOT TOPIC” Issues

In his speech to a joint session of Congress on February 27, 2009, President Barack Obama set the goal of making America #1 again in adult baccalaureate degree attainment by

2020; by an overwhelming majority (43 of 47 responses, with no strongly disagree), state directors strongly believe community college capacity must be expanded to achieve this national policy goal.

By a margin of nearly 3:1, conditions for success of “high tuition/high aid” –close alignment of tuition, appropriations, and financial aid policies--do not exist in most states (11 agree, 28 disagree); by a 2:1 margin (29 to 14), respondents predict state investments in student aid will not be keeping pace with tuition increases.

Public flagship university enrollments have not been capped in most states (28), but the 12 with caps include the nation’s 5 largest states: *California, Texas, New York, Florida, and Illinois*. Public regional universities have not capped enrollments in most states (29), however the 7 responding that they have capped public regional universities include four of the nation’s five largest states: *California, Florida, Illinois, and New York*.

Most respondents (25) predict their state’s community colleges have sufficient capacity to serve current and projected numbers of high school graduates, however a third (16) do not. Among the 16 are 3 megastates--*California, New York, and Georgia’s University System*; others include *Arizona, Connecticut, Delaware, Indiana, Kentucky, Massachusetts, Maryland, Maine, Michigan, Nevada, Oregon, Tennessee, and Utah*. Only a plurality (22) predict their state’s community colleges have sufficient capacity to serve current and projected numbers of older returning adults, while almost half (20) do not, including 5 megastates--*California, New York, North Carolina, and both of Georgia’s systems (University System and Technical Colleges)*—and many with fast-growing Latino populations such as *Arizona and Nevada*, and states with high unemployment such as *Michigan*.

In almost every state (46 of 48 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 (39 agreed and none disagreed).

Just 3 respondents predict creating new community college baccalaureate degrees is likely, a strong majority (35).

CONTEXT FOR THE 2009 SURVEY

BY STEPHEN G. KATSINAS

Number of states in 1980-81 that funded 60% or more of total revenues for community colleges:

16

Number of states in 2000-01:

0

Introduction

The past year has seen great tumult in the financial world, with mortgage foreclosures and a severe credit crunch, and a dramatic worldwide reduction in the value of stocks. Our 2008 survey showed dramatic weakening of state funding for community colleges from the year before. This year, with unemployment rates zooming into double-digits in many states and regions within states, community colleges are challenged as never before to provide an open door to the first two years of baccalaureate education while simultaneously providing critically needed training programs for our nation's workforce.

Decline Predates Recession

The long-term decline in state revenues for public higher education operating budgets was well underway prior to our first Survey of Finance and Access 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:

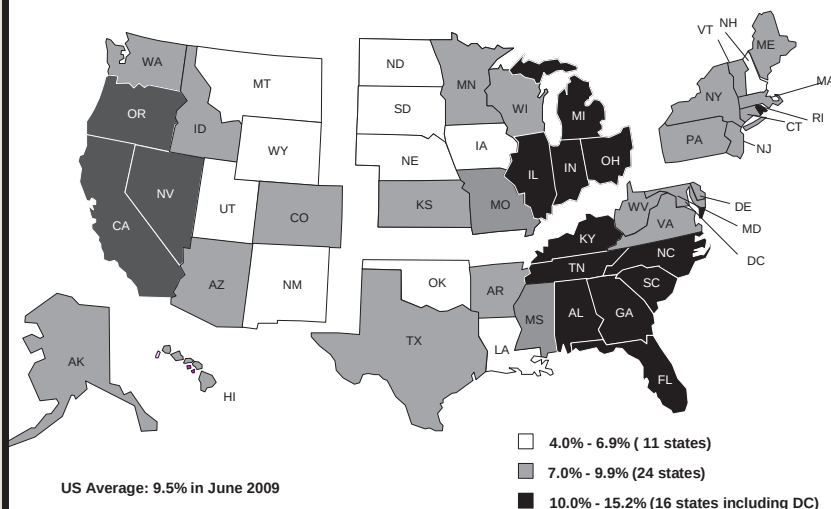
- In 1980-81, 16 states contributed 60%

or more of the 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.
- Colleges in states with local funding have been harder hit with state cuts than in states without (especially low-wealth, rural areas).

While a wide 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 being expanded to serve larger numbers of high school graduates, or for the general education/transfer function, not to mention expanded job training (Katsinas, 2005).

Chart One: States with Unemployment Rates at Various Levels, June 2009



SOURCE: State and territory figures from the Table 3, *Regional and State Employment and Unemployment: December 2008*, Bureau of Labor Statistics.

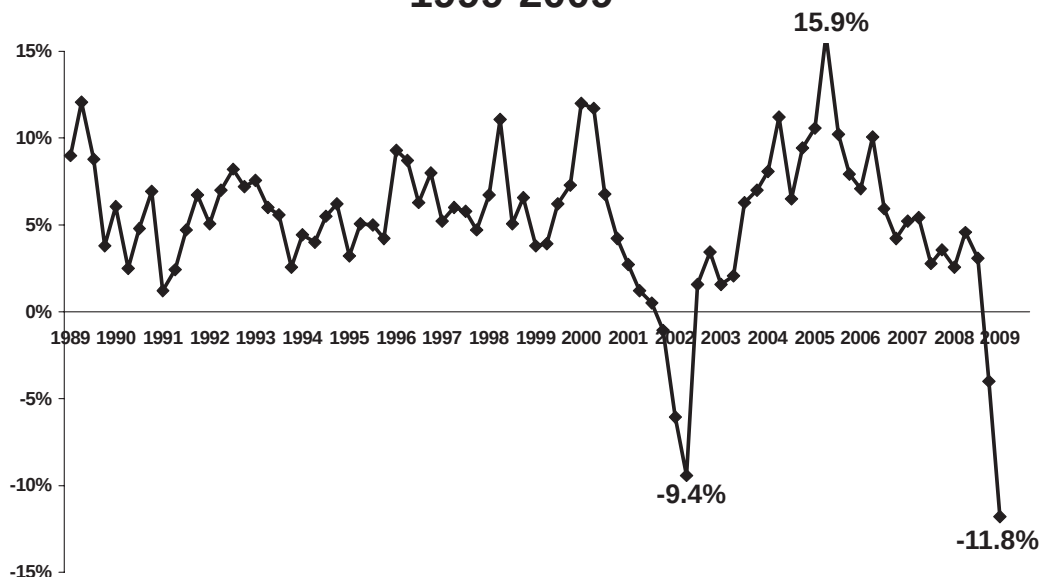
KAISER COMMISSION ON
Medicaid and the Uninsured

Funds from local taxes if available, and funds from tuition and fees clearly have not made up for state cuts. Workforce training funds have increased, providing worthy projects for communities and institutions; however, they are for purposes other than undergraduate instruction that historically has been supported by state funds (Katsinas, 2005).

Recession and Unemployment

In little over a year, coinciding with the collapse of the home mortgage business and the unprecedented intervention by the United States government to save the nation's financial services industry in September 2008 (Paulson, 2008), the nation's unemployment rate has jumped to levels not seen since the severe recession of 1979 to 1982. According

**Chart Two: State Tax Revenue,
1999-2009**



SOURCE: Percent change in quarterly state tax revenue, US Census Bureau

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of the Census, and shows the impact of the last two recessions on state tax revenues. Following the collapse of the “dot.com” bubble in 2001, state tax revenues declined significantly throughout 2002 and into early 2003, the approximate time of our first state directors’ survey. In 2002, state tax revenues declined by 9.4%; in that FY2003 recession year, 34 of 46 states responding to our survey took mid-year budget cuts for community college operating budgets, all 46 raised tuition, and nearly half cut or flat-funded their need/merit-based state student aid programs.

to the US Department of Labor’s Bureau of Labor Statistics (BLS), the nation’s unemployment rate jumped from 5% in April 2008 to 6.2% in August 2008, and then jumped again to 7.5% in January 2009. By May 2009, it had increased to a quarter-century high of 9.5%.

The average monthly job loss from November 2008 through April 2009 was -645,000 jobs per month, a rate that slowed from May to July 2009 to -331,000. By major worker groups, the unemployment rate for adult men and women were 9.8 and 7.5%, respectively; for teenagers 23.8%; and by race and ethnicity for whites, blacks, Hispanics, and Asians were 8.6%, 14.5%, 12.3%, and 8.3%, respectively. (BLS, 2009, p.1). Chart One shows the rates of unemployment as of June, 2009 (Kaiser Foundation, 2009).

Declining State Tax Revenues

Chart Two, “State Tax Revenue, 1999-2009” also from the Henry J. Kaiser Foundation (2009, June), is based on quarterly summaries of state tax revenues from the US Bureau

After a relatively slow recovery in 2004, state tax revenues jumped back up to a 10-year high of 15.9% in the second quarter of FY2005 (Kaiser Commission, 2009).

Chart Two also documents the breathtaking speed by which state tax revenues changed over the past two years. As late as the 2nd quarter of 2008, state tax revenues increased by about 5%. They declined by -4% in the 3rd quarter of 2008, and then fell off the table, declining by about -7% in both the 4th quarter of 2008 and the 1st quarter of 2009. As Chart Two shows, the figure of -11.8% is the worst of any quarter in the past decade (Kaiser Commission, 2009).

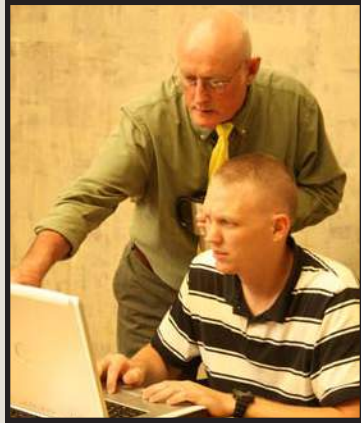
Chart Three presents Kaiser Commission estimates of the impact of each percentage increase in the national unemployment rate. A 1% increase in the national unemployment rate produces a decline of between 3 and 4% in state tax revenues, a million additional Americans in the Medicaid and the State Children’s Health Insurance Programs, and



Monroe Community College (MI)



Portland Community College (OR)



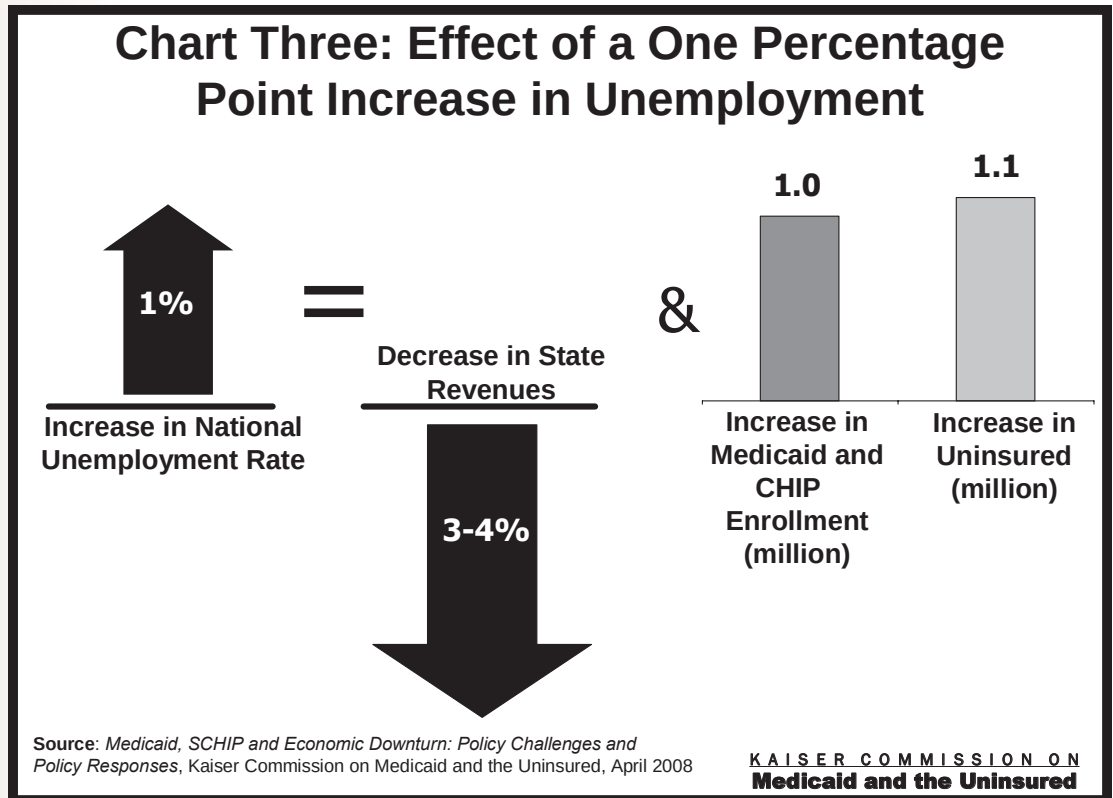
Mid-Plains Community College (NE)



Tarrant County College (TX)



Shelton State Community College (AL)



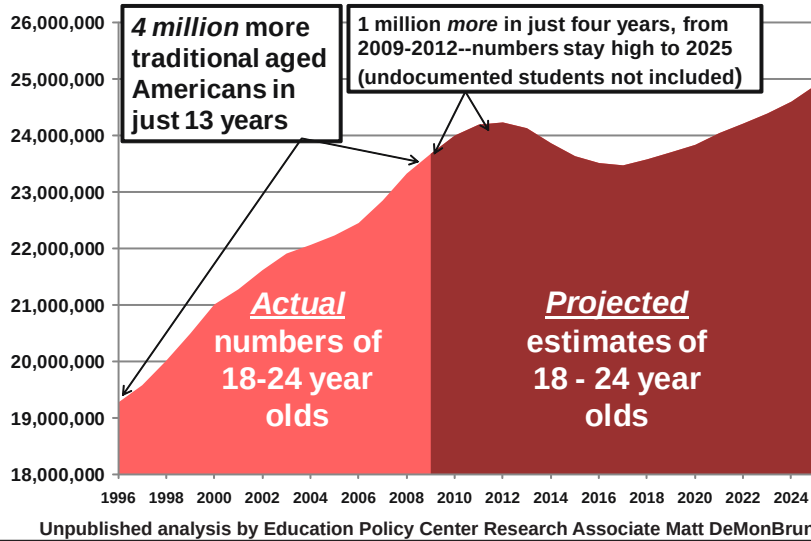
1.1 million uninsured. “Due to the program’s matching structure, states must cut at least \$2 in program spending to save \$1 in state Medicaid spending. Given the loss of federal revenues and jobs, cutting Medicaid during a downturn will negatively affect the economy” (Kaiser, 2009, p.2). Since Medicaid is 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 may explain why state directors of community colleges consistently have rated Medicaid at or near the top as a key state budget driver in every survey we have conducted.

The American Recovery and Renewal Act of 2009

In December following his November 2008 election victory, Barack Obama and Joe Biden met with the nation’s governors at Independence Hall in Philadelphia. States are constitutionally required to balance their budgets, and most faced deep cuts in state spending for the rest of the current 2009 fiscal year and FY2010. To forestall deep, deflationary cuts in state spending, the new President and Congress passed the American Recovery and Renewal Act (ARRA) on February 17, 2009, with one of its major purposes “...to stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases” (ARRA, 2009, p.2).

The ARRA is a \$787 billion package that included \$87 billion to support health care and relieve state budgets by increasing the federal share of Medicaid costs from October 2008 through the end of 2010 (Kaiser Commission, 2009, p.2). The ARRA package included \$57 billion in education aid to restore K-12 funding in FY2009, 2010, and 2011 to the greater of FY2008 or FY2009 levels, and “to provide, in each of fiscal years 2009, 2010, and 2011, the amount of funds to public institutions of higher education in the State that is needed to restore State support for such institutions (excluding tuition and fees paid by students) to the greater of the fiscal year 2008 or fiscal year 2009 level” (ARRA, 2009, p. 166). Was funding of education, including community colleges, maintained, and ARRA funds used for their intended purpose?

**Chart Four: The Challenge of Capacity--
Actual and Projected Traditional College Age in the
U.S. Population (18-24 years old), 1996-2025**



Knocking at the Door: All-Time Record Enrollments

Chart 4 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 (DeMonBrun and Katsinas, 2009, unpublished data). *It is important to note that neither these predictions, nor those on Chart 5, include undocumented students* (the Education Policy Center will release a report later this year 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)

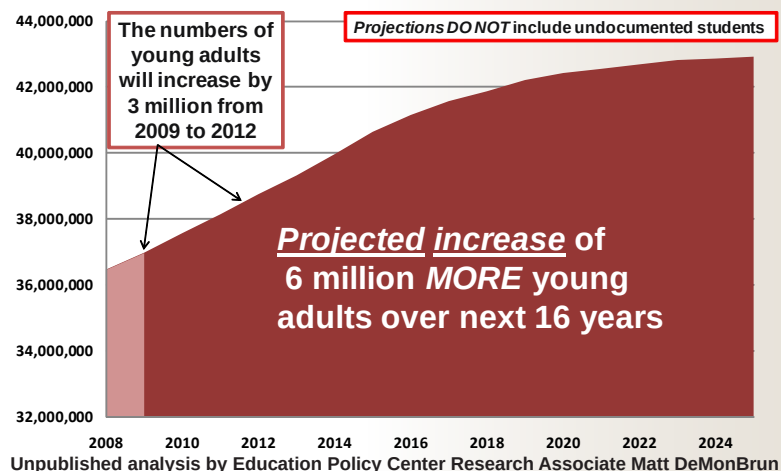
In the past six years, tuition at Frank Phillips College (TX) doubled, enrollment increased by 30%, and state funding as a percentage of total revenues declined from 37% to 19%.



Frank Phillips College (TX)

Chart 5 shows that the number of persons ages 25-34 will grow by 3 million from 2009 to 2012, and by 6 million from 2009 to 2025. Since 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, the pressures on community colleges and regional universities in many states is both enormous, and growing. Our past surveys asked state directors if regional and flagship universities capped enrollments; while a strong majority consistently answers “disagree” or “strongly disagree,” a persistent minority including some of our nation’s largest states such as *California* responded “agree” or “strongly agree.”

**Chart Five: The Challenge of Capacity--
Actual and Projected Young Adults (ages 24-35)
in the U.S. Population, 2009 to 2025**



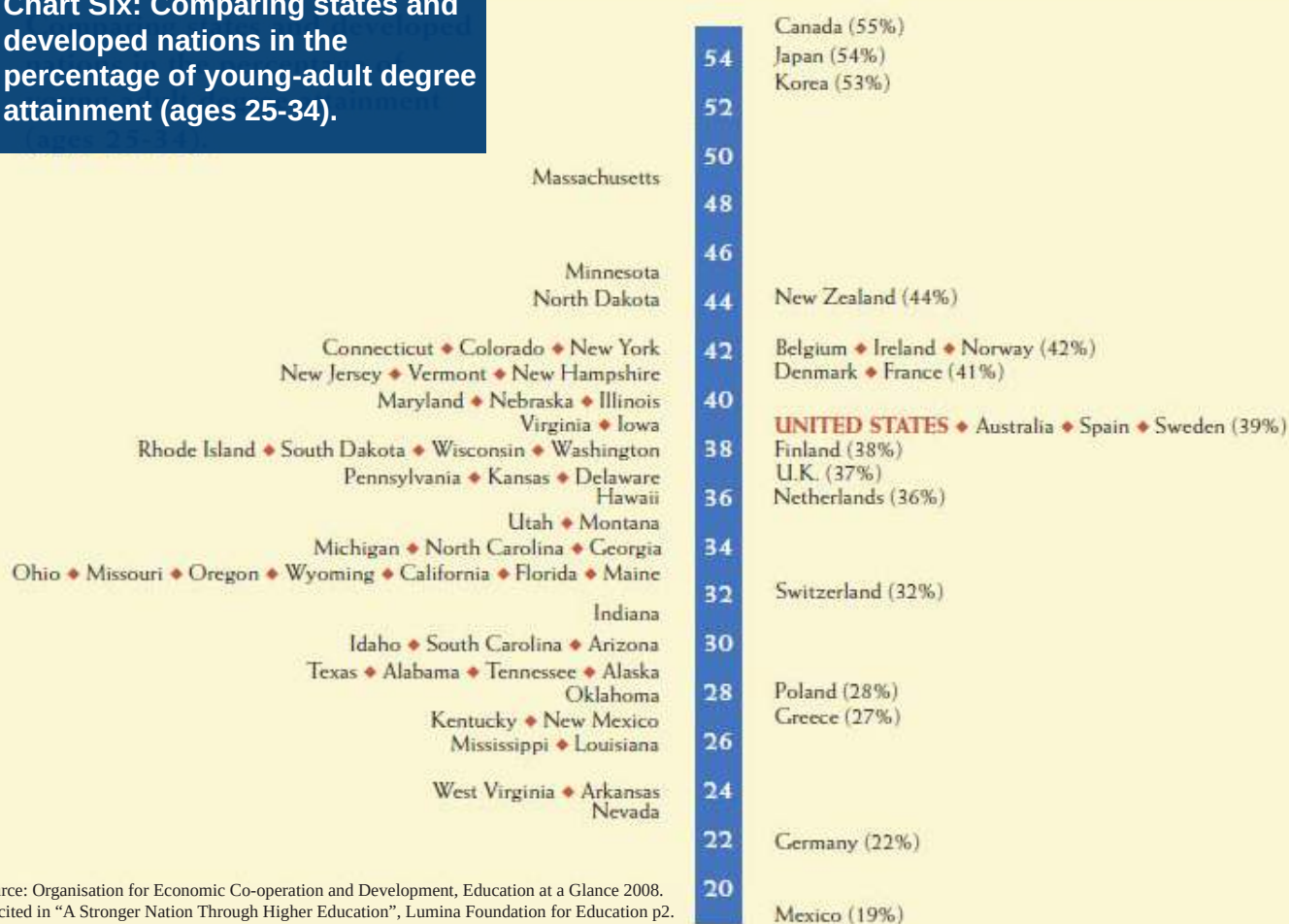
A “Moon Shot” to Regain American Leadership in Higher Education

The past eight months have seen unprecedented national attention given to higher education generally and community colleges specifically. In his first address to a Joint Session of Congress on February 24, 2009, President Barack Obama pledged to make America #1 again in adult baccalaureate degree attainment (Obama, 2009). The Lumina Foundation for Education also released a special report, “A Stronger Nation Through Higher Education, How and Why Americans Must Meet a “Big Goal” for College Attainment,” which showed just how far the nation must go to achieve what president Jamie Merisotis calls a “moon shot” goal (see Chart Six, below). In particular, it calls for states to improve successful degree completion of young adults ages 25-34 already in the system, and presents state-by-state data on the left, and how other developed nations compare on the right (Lumina, 2009).

Building Capacity: Facilities

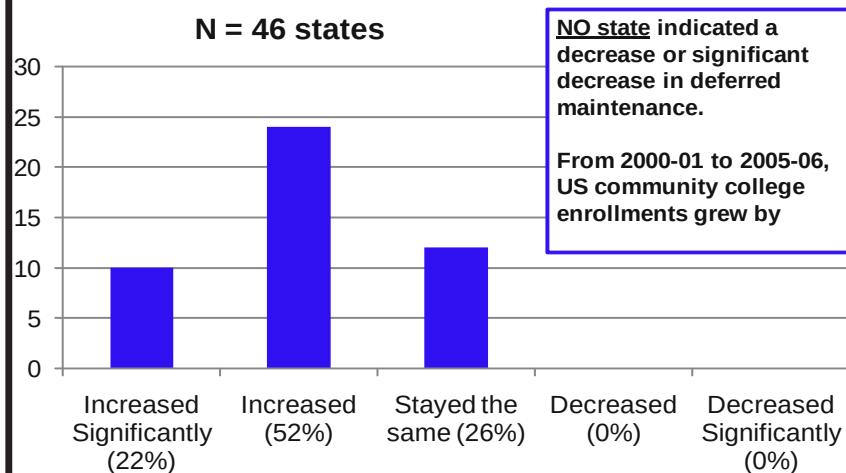
On July 14, 2009, two weeks after our 2009 survey had been distributed to the states, President Obama announced his \$12.5 billion American Graduation Initiative (AGI) to create 5 million more community college graduates by 2020. The AGI creates a community college challenge fund, including funds for 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 proposes a new \$2.5 billion fund to catalyze \$10 billion in community college facility investments that will expand the colleges’ ability to meet employer and student needs. The resources could be used to pay the interest on bonds or other debt, seed capital campaigns, or create state revolving loan funds” (2009).

Chart Six: Comparing states and developed nations in the percentage of young-adult degree attainment (ages 25-34).



Source: Organisation for Economic Co-operation and Development, Education at a Glance 2008. As cited in “A Stronger Nation Through Higher Education”, Lumina Foundation for Education p2.

Chart Seven: Did Deferred Maintenance at Community Colleges in Your State Increase Since FY2002-2003? (Asked in 2007)



Source: 2007 State Directors Survey

“Community colleges are often years behind in the facilities they provide, which means, in a 21st century economy, they’re behind in the education they can offer. That’s a mistake, and it’s one we’ll help to correct.”

**--PRESIDENT BARACK OBAMA
MACOMB COMMUNITY
COLLEGE (MICHIGAN)
JULY 14, 2009**



Temporary buildings are common at many of our nation's community college campuses, be they in rural, suburban, or urban areas.

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 or 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:

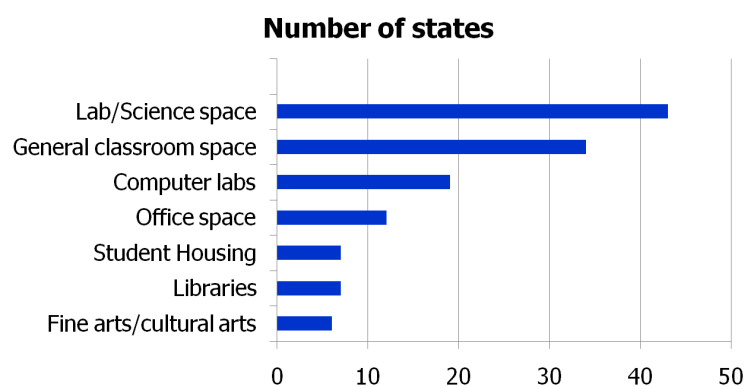
- (1) lab space (43 respondents),
- (2) general classroom space (34),
- (3) computer lab space and
- (4) office space

(Table 14, 2007 Survey).

We note that few rigorous studies of the nation's facilities needs exist.

One of the very few was conducted by Derrick A. Manns, 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, “It is clear that 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).

Chart Eight: Priority Facilities Needs for Community Colleges (number of states).



Source: 2007 State Directors Survey

Just How Many Community Colleges Are There?

The problem 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 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. 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 Ten on the page following page shows both the number of institutions and the dramatic recent enrollment

growth by type of Associate's College, using the new 2005 Carnegie Basic Classification. **Enrollment at all Associate's College types grew by 30 percent in just five years, and Rural Associate's Colleges grew by over one million new students, or 42 percent, an indication of pent-up demand (largely unstudied at this point in time). Suburban Associate's Colleges grew by 634,185 students or 27 percent, and Urban Associate's Colleges by 541,144 new students or 21 percent.** 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,

“We need frames appropriate for two-year colleges in their own right, and not apply four-year frames to two-year colleges.”

-Barbara K. Townsend, 2006

Chart Nine: Associate's Degree Colleges According to the 2005 Basic Classification of the Carnegie Foundation for the Advancement of Teaching.

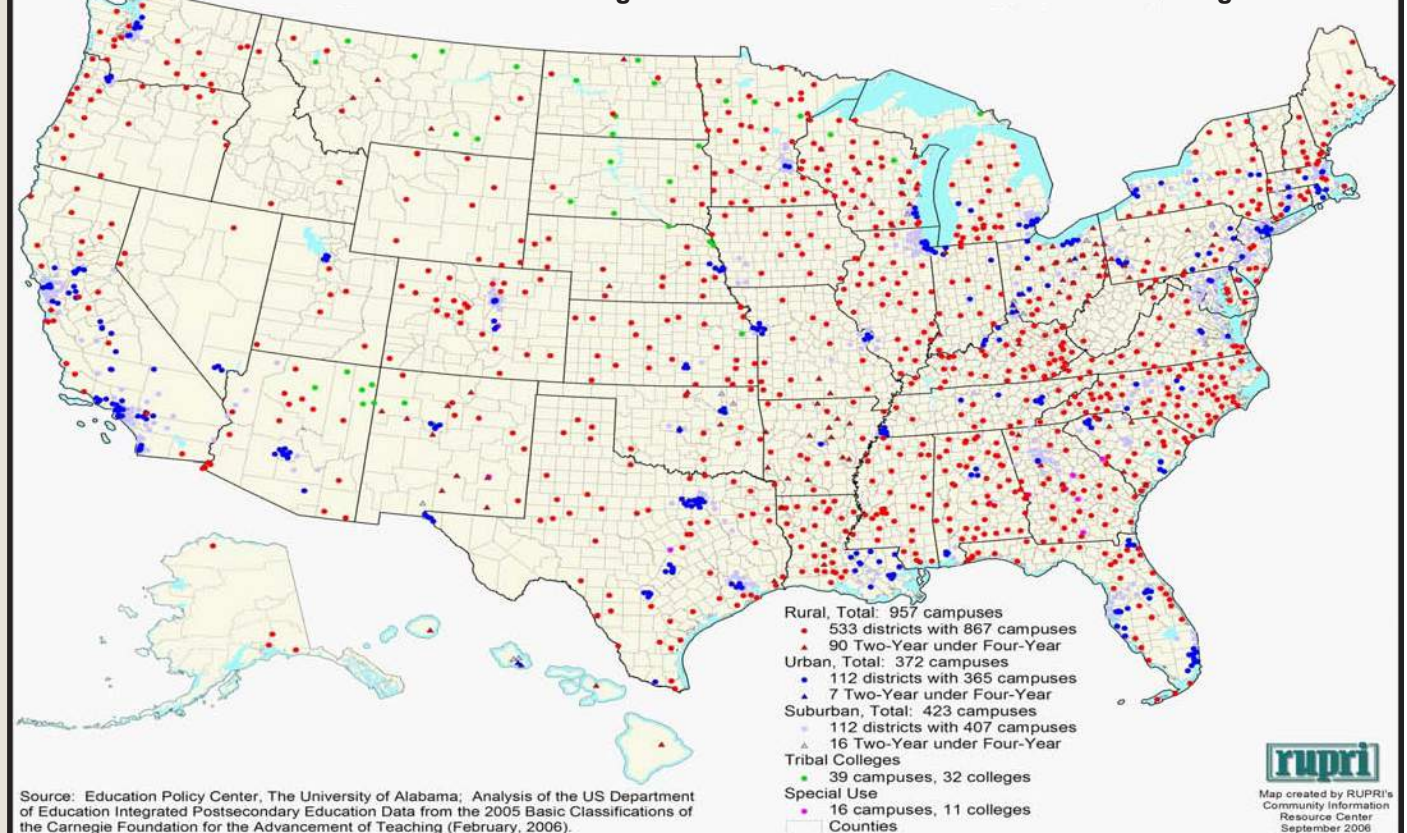


Chart Ten: Community College Enrollments Grew by 2.3 million, 2000-1 to 2005-6

Carnegie 2005 Basic Classification:	Institutions		Annual Unduplicated Headcount		Five Year Enrollment Growth	
			2000-2001	2005-2006		
	Number	Percent	Total	Total	Number	Percent
Rural Small	125	11%	134,118	184,399	50,281	37%
Rural Medium	310	28%	895,101	1,427,064	531,963	59%
Rural Large	142	13%	1,361,224	1,780,393	419,169	31%
Rural Total	577	53%	2,390,443	3,391,856	1,001,413	42%
Suburban Single Campus	112	10%	1,052,814	1,347,141	294,327	28%
Suburban Multi-Campus	97	9%	1,312,931	1,652,790	339,859	26%
Suburban Total	209	19%	2,365,745	2,999,931	634,186	27%
Urban Single Campus	32	3%	203,254	421,977	218,723	108%
Urban Multi-Campus	154	14%	2,404,740	2,727,161	322,421	13%
Urban Total	186	17%	2,607,994	3,149,138	541,144	21%
R/S/U Total	972	89%	7,364,182	9,540,925	2,176,743	30%
Other Public Associate's Colleges						
Special Use	12	1%	45,886	54,403	8,517	19%
2-Year Under 4-Year	55	5%	107,667	183,827	76,160	71%
4-Year Primarily Associate's	18	2%	166,271	219,119	52,848	32%
Baccalaureate/Associate's	32	3%	144,169	179,428	35,259	24%
Other Associate's Total	117	11%	463,993	636,777	172,784	37%
Grand Total	1,089	100%	7,828,175	10,177,702	2,349,527	30%

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.

Student Aid and Tuition: 2008

Our 2008 survey included a special section on financial aid and tuition. By nearly 4 to 1, respondents believe conditions for a successful “high tuition/ high aid” policy—close coordination of state policies for operating budgets, tuition, and student financial aid—simply do not exist in most states. Only 9 states (17%) responded “yes”, while 35 (73%) responded “no” (73%), and 2 responded “not sure” (4%). *Put differently, officials responsible for aspects of coordination, supervision, and management of community colleges do not believe “high-tuition/ high aid” works to fund access for community college students.*

Our 2008 survey also documented a declining state revenue picture. In FY2006–2007, just 2 states reported mid-year budget cuts in their community college operating budgets, while 47 states did not. For last year, FY2007-2008, 9 states reported mid-year cuts for community colleges, including two of the largest, *California* and *Florida*. Five states saw mid-year cuts for K-12 education, 3 cut HBCUs, 8 cut regional universities, and 10 cut flagship universities. Thus, the decline in state budgets while enrollments were simultaneously rising was present well before the current recession. Against this backdrop of record enrollments, retraining de-

mands to respond to recession, and declining state investments our 2009 survey was administered. President Obama has brought unprecedented attention, while the negative revenue picture heightens concerns about fast-changing short- and long-term stability of state investments in higher education, *and* the impact of federal efforts to stabilize state spending following passage of the American Recovery and Renewal Act in February 2009. Just what is going on in the field in terms of access and funding?

Past Surveys: 2003, 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 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 and 2008

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 NCSDDC 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.

Where to Find Past Surveys

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 results are available from <http://education.ua.edu/ed-policycenter/index.html>

The American Community College: A Portal of Entry for First-Generation, Low-Income, and Minority Students

Chart Six, below, was prepared by Education Policy Center Fellow John Clinton Kinhead based upon data from the U.S. Department of Education/National Center for Education Statistics' Integrated Postsecondary Education Data System. In applying the new 2005 Carnegie Basic Classification, which for the first time classifies America's 1,089 Associate's Colleges, we focus here 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 Six specifically shows America's community colleges serve as a portal of entry into higher education for millions of Americans. Just under 12 million undergraduate students

were enrolled at public institutions of higher education in the Fall 2005 term, of whom 2.8 million or 24% were enrolled at Doctoral-granting Universities, 2,064,570 or 18% were enrolled at Master's Colleges and Universities, and 476,037 or 4% were enrolled at Baccalaureate Colleges. The 5,357,535 students enrolled at all public four-year institutions comprise 46% of all undergraduates--numbers and percentages that are dwarfed by the numerical and percentage enrollment at two year Associate's Colleges--6,366,023, or 54% of all undergraduate students.

By racial and ethnic group, the percentages are even more striking: Among White undergraduate students 51% are enrolled at Associate's Colleges; for Blacks, 58%; for Hispanics, 66%; for Asian and Pacific Islanders, 54%, and for American Indian/Alaskan Natives, 57%. **This analysis clearly shows the role community colleges play as a portal of entry into US higher education for millions of Americans.**

Chart Eleven: Undergraduate Enrollment at Public Institutions of Higher Education in the United States by Race and Ethnicity, Numbers and Percentages, Fall 2005

2005 Carnegie Basic Classification	Total Undergraduates	White	Black	Hispanic	Asian/Pacific Islander	American Indian/Alaskan Native	Race Unknown	Non-Resident Alien
Doctoral Granting	2,816,928	1,901,917	264,456	215,904	221,631	23,660	123,261	66,099
Master's Colls & U's	2,064,570	1,299,702	267,076	211,033	112,066	20,803	109,057	44,833
Baccauleate Colleges	476,037	309,802	59,815	56,779	16,104	6,564	17,302	9,671
ALL FOUR-YEAR	5,357,535	3,511,421	591,347	483,716	349,801	51,027	249,620	120,603
Associate's Colleges	6,366,023	3,694,320	812,326	941,607	406,774	67,221	350,872	92,903
ALL Undergraduates	11,723,558	7,205,741	1,403,673	1,425,323	756,575	118,248	600,492	213,506
Doctoral Granting	24%	26%	19%	15%	29%	20%	21%	31%
Master's Colls & U's	18%	18%	19%	15%	15%	18%	18%	21%
Baccauleate Colleges	4%	4%	4%	4%	2%	6%	3%	5%
ALL FOUR-YEAR	46%	49%	42%	34%	46%	43%	42%	56%
Associate's Colleges	54%	51%	58%	66%	54%	57%	58%	44%
ALL Undergraduates	100%	100%	100%	100%	100%	100%	100%	100%

Source: Education Policy Center analysis by John Clinton Kinhead of US Department of Education/National Center for Education Statistics' Integrated Postsecondary Education Data System. Data are unduplicated headcount for Fall 2005 term, and not full-time equivalent undergraduate students.

METHODOLOGY FOR THE 2009 SURVEY

The 2009 survey was sent to 51 members of NCSDDC; 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 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, 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 in recession?

Data were collected from July 5 through August 12, 2009. Responses were received from 50 NCSDDC members (or their designees), representing all states except South Dakota. Puerto Rico, also an NCSDDC member, was not surveyed. Responses from Nebraska, New Jersey, and New Mexico came from their state community college associations. Georgia’s responses came from the University System of Georgia (GA-USG), which coordinates community colleges, and the Technical College System of Georgia (GA-TCS), which coordinates technical college.

On May 29, 2008, Arizona Governor Jan Brewer signed an Executive Order establishing the Arizona Community College Council, but this entity was not up and operating at the time of survey administration. In prior years, the Arizona Association of Community Colleges provided the state’s response; in August 2008 that too was abolished. At the suggestion of American Association of Community Colleges President George Boggs, the Maricopa Community Colleges, which enroll over 65% of the total statewide community college enrollment, responded on behalf of Arizona this year. We anticipate in future years the Arizona Community College Council will provide the state’s response (Brewer, 2009).

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 3 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 nine megastates where specifically cited in the text below are in *italics* for easy identification.

1. FINDINGS: LAST YEAR (FY2008-2009)

“(for next year).. all areas of the state budget are subject to significant cuts”
--CALIFORNIA

Community College Funding Last Year

1.1 State funding is declining.

In FY2006–2007, just 2 states reported taking mid-year cuts in their community college operating budgets, while 47 states did not. This increased to 9 states in FY2007–2008, and included two of the largest, *California* and *Florida*. **In the year just concluded (FY2008–2009), however, 34 states (71%) reported taking mid-year budget cuts for community college operating budgets, while 14 (29%) did not (Table 1).** This finding is consistent with the data collected by Grapevine, the longest running non-government independent financial data archive. The current year is just the fourth in the 49-year history of Grapevine’s annual reports on state tax appropriations for public higher education operating budgets to document an absolute decline in state dollars appropriated for public higher education (23 states report mid-year cuts in their FY2009 budgets) (see Palmer, 2009). **In FY2003, also a recession year, 34 of 46 reporting states indicated taking mid-year budget cuts, nearly identical results to the recession year that is just ending, FY2008–2009.**

1.2 State funding for *ALL* public education sectors is declining.

In FY2006–2007, no state made mid-year funding cuts for K-12 education, only 2 cut community colleges, just 1 cut a Historically Black College or University (HBCU), only 3 cut their regional universities and only 3 states saw mid-year cuts in their flagship universities’ budgets. In contrast, in the year just concluded (FY2008–2009), 18 states took mid-year cuts for K-12 education and 21 did not; 34 states took mid-year cuts for their community colleges and 14 did not; 11 cut HBCUs and 7 did not; 31 cut their regional universities and 11 did not; and 33 cut their flagship universities and 11 did not.

Mid-year cuts were clearly the norm for community colleges specifically, and all of higher education generally, and much of K-12 education in FY2008–2009, the year just concluded (Table 1a).

1.3 Community colleges received the same treatment-cuts-as other postsecondary sectors.

In the year just ended (FY2008–2009), a substantial majority of states report making mid-year budget cuts in operating budgets for community colleges (71%), regional

“For millions of community college students, the choice is not between a community college and another institution, the choice is between a community college and nothing.”

--Arthur M. Cohen and Florence B. Brawer, *The American Community College*, 5th Edition

“We do not expect state revenues to meet budget needs in FY2010.”
--OKLAHOMA



Tulsa Community College (OK)

Table 1 Mid-Year Budget Cuts, by Public Education Sector: Year Just Concluded (FY 2008–2009) Compared to Two Prior Years (FY2006–2007 & FY2007–2008)										
	K-12		Community Colleges		HBCUs		Regional Universities		Flagship Universities	
	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts
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
CHANGE, FY2006-7 to FY2008-9	18	-24	32	-33	10	-11	28	-33	30	-33

Note—49 NCSDE members responded in 2007 and 2008; and 50 from 49 states responded in 2009.

Table 1a
Mid-Year Cuts by Education Sector in Year Just Ending (FY 2008-2009)

	K-12 <i>n=45</i>		Community Colleges <i>n=48</i>		HBCUs <i>n=19</i>		Regional Universities <i>n=40</i>		Flagship Universities <i>n=42</i>	
<i>STATE</i>	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts
AK		X						X		X
AL			9%		9.5%					
AR		X		X		X		X		X
AZ	3.2%		8%						13.1%	
CA	X		1.3%				X		X	
CO		X	17.8%				X		X	
CT		X	5%				5%		5%	
DE		X		X		X		X		X
FL	4%		4%				4%		4%	
GA-USG	X		10.5%		10.5%		10.5%		10.5%	
GA-TCS			14%							
HI			1.6%							
IA	1.5%		1.5%				1.5%		1.5%	
ID	6.4%		6.5%				6.5%		4.9%	
IL		X	2.5%				2.5%		2.5%	
IN		X	1%				1%		1%	
KS		X	4.3%				4.3%		4.3%	
KY		X	2%		2%		2%		2%	
LA		X		X	X		X		X	
MA	X		X				X		X	
MD	X		X		X		X		X	
ME	2%		2%				2%		2%	
MI										
MN		X	2.9%				2.9%		X	
MO		X		X		X		X		X
MS	5%		5%		5%		5%		5%	
MT		X		X				X		X
NC	2%		5%		5%		5%		5%	
ND		X		X				X		X
NE		X		X				X		
NH	3%		3%						3%	
NJ				X			X		X	
NM	2.5%		2.5%				2.5%		2.5%	
NV			8%				8%		8%	
NY				X			9%		9%	
OH		X		X		X		X		X
OK	X		X		X		X		X	
OR	1.1%		1.1%				2%		2%	
PA	0.5%			X		X		X		X
RI			8.6%							
SC	12.6%		24.4%		24.4%		24.4%		24.4%	
SD										
TN		X	3.4%		3.4%		3.4%		3.4%	
TX		X		X		X		X		X
UT			11.5%				11.5%		11.5%	
VA	2%		5%		4%		5%		7%	
VT			6.5%				6.5%		6.5%	
WA			4.3%				4.6%		4.2%	
WI		X	1.5%				X		X	
WV		X		X		X		X		X
WY		X		X						X
Total <i>n</i>	18	21	34	14	11	7	31	11	33	11
Total %	46%	54%	71%	29%	65%	35%	74%	26%	75%	25%
Mean %	-3.5%		-5.9%		-8%		-5.6%		-6.2%	
Median %	-2.5%		-4.3%		-5%		-4.6%		-5%	

universities & 74%) and flagship universities (75%). Despite unprecedented national publicity, community colleges clearly enjoy no favored position in comparison with other sectors of public higher education (Table 1a).

1.4 Last year, community colleges in states with local funding took more/slightly deeper mid-year cuts.

Grapevine reports 25 states with and 25 states without substantial state aid for their community colleges in excess of 10% of total revenues from all sources, including the states (see Appendix A to this report). Table 1b shows mid-year budget cuts in the year just ending (FY2008-2009) comparing those states with and without substantial local funding for their community colleges. **More states with non-locally funded community colleges (19) took mid-year cuts than those with local funding (15), but the median cut was larger for all sectors of education (K-12, community colleges, HBCUs, regional universities, and flagship universities) in states with local funding than those without.**

It is worth also noting that, according to the Grapevine definition, seven of the nine megastates have substantial local funding (*California, Texas, New York, Illinois, Pennsylvania, Ohio, and North Carolina*--only *Florida* and *Georgia* do not) (Table 1b).

1.5 Recession, producing a decline in state revenues, has heightened competition for scarce state tax dollars; higher education's position has slipped.

In most states, higher education is the largest discretionary item in the state budget. Competition is fierce for scarce state tax dollars, and higher education is often the last major expenditure item decided in the state budget process. With the exception of the recession year of FY2003-2004 (our first survey), each year has seen K-12 Education and

Table 1b
Mid-Year Budget Cuts in States with and without Local Support for Community Colleges, by Sector of

YEAR JUST CONCLUDED (FY 2008-2009)										
	K-12		Community Colleges		HBCUs		Regional Universities		Flagship Universities	
	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts	Cuts	No Cuts
LOCAL FUNDED (n=24)	12	10	15	7	5	4	16	6	17	6
%	55	45	58	42	56	44	73	27	74	26
<i>If cut, mean size of cut</i>	-3.6%		-5.8%		-11.4%		-6.3%		-6.7%	
NON-LOCAL FUNDED (n=24)	6	11	19	5	6	3	15	5	16	5
%	35	65	79	21	67	33	75	25	76	24
<i>If cut, mean size of cut</i>	-2.8%		-5.7%		-5.9%		-5.1%		-4.9%	
ALL STATES (n=48)	18	21	34	14	11	7	31	11	33	11
%	46	54	71	29	65	35	74	26	75	25
PRIOR YEAR (FY 2007-2008)										
LOCAL FUNDED (n=24)	3	19	3	21	1	15	3	19	4	20
%	17	86	13	87	6	92	17	86	17	83
NON-LOCALLY FUNDED n=24	2	19	6	18	2	11	5	17	6	17
%	5	95	25	75	15	85	23	77	26	74
ALL STATES n=48	5	39	9	39	3	15	8	36	10	36
%	11	89	19	81	17	83	18	82	22	78

“All too often, community colleges are treated like the stepchild of the higher education system; they’re an afterthought, if they’re a thought at all.”

**-President
Barack Obama,
July 14, 2009**



Des Moines Area
Community College (IA)

“The ARRA funds will allow the state to stay on an even footing for 2009-2010. The true concern is with FY2011.”

--IOWA



Kirkwood Community College (IA)

Medicaid as the top-ranked items driving state budgets (in that first year, “recession, producing a decline in revenue,” was #1).

In the year just ended (FY2008-2009), *by a wide margin* the highest ranked state budget driver was “recession, producing a decline in state revenues.” Among 47 respondents, 43 indicate “strongly agree,” 2 “agree,” with 1 state indicating “neutral,” and 1 state “disagree.” No state strongly disagreed (Table 2).

1.6 In addition to Recession, K-12 Education, Medicaid and ARRA funding were also key budget drivers.

In the year just concluded, a virtual three-way tie for second place exists among ranked key budget drivers, with “K-12 education” 2nd (38 of 47 reporting “strongly agree” or “agree”), and “Medicaid” and “ARRA Funding” with 37 each (though it should be noted that “ARRA Funding” received more “strongly agree” responses (25) than any

Table 2: Key Drivers of State Budget Decisions in Year Just Concluded (FY2008-2009) and Prior Two Years (respondents who indicated “strongly agree” or “agree”)

	Medicaid	Corrections	K-12	Higher Education	Recession, producing decline in revenue	Unemployment Insurance	Tax Cuts	Transportation	ARRA Funding (2009 only)
FY2008-2009									
<i>Strongly Agree/Agree (n=50)</i>	37	22	38	20	45	15	19	13	37
<i>RANK</i>	3 (tie)	5	2	6	1	8	7	9	3 (tie)
FY2007-2008									
<i>Strongly Agree/Agree (n=47)</i>	43	31	45	26	36	8	26	25	
<i>RANK</i>	2	4	1	6 (tie)	3	8	5	6 (tie)	
FY2006-2007									
<i>Strongly Agree/Agree (n=49)</i>		33	45	33	21	6	27	29	
<i>RANK</i>	2	3 (tie)	1	3 (tie)	7	8	6	5	

1. FINDINGS: LAST YEAR

FUNDING AND ACCESS 2009

Table 2a Key Drivers of State Budget Decisions, Year Just Concluded (FY2008-2009)

STATE	Medicaid n=47	Correc- tions n=47	K-12 n=47	Higher Education n=47	Recession, (decline in revenue) n=47	Unemploy- ment Insurance n=48	Tax Reduc- tions n=47	Transpor- tation n=47	Funding from ARRA n=48
AK	N	N	N	N	N	N	N	N	A
AL					SA	A			SA
AR	N	N	A	N	SA	N	A	N	N
AZ	SA	A	SA	D	SA	N	N	D	SA
CA	N	SA	A	A	SA	N	SA	N	A
CO	SA	A	SA	D	SA	D	N	N	A
CT	SA	SA	A	D	SA	A	D	N	A
DE	SA	A	SA	SA	SA	N	A	A	A
FL	SA	A	SA	A	SA	A	SA	N	SA
GA-USG	A	D	A	A	SA	D	SA	D	SA
GA-TCS	A	N	N	D	SA	D	A	N	N
HI	A	A	A	A	A	A	A	A	N
IA	N	D	SA	SA	SA	A	A	A	SA
ID	A	A	A	A	SA	N	N	A	A
IL	SA	D	SA	A	SA	D	D	D	SA
IN	A	D	SA	A	SA	N	N	N	A
KS	SA	D	A	D	SA	D	D	D	SA
KY	SA	SA	SA	D	SA	D	D	D	D
LA	A	A	N	D	SA	D	A	N	SA
MA	A	D	A	A	SA	A	A	A	A
MD	N	N	N	A	SA	N	N	N	SA
ME	SA	N	A	N	SA	A	SA	N	SA
MI	SA	SA	A	A	SA	SA	SA	A	SA
MN	SA	N	SA	A	SA	N	A	N	SA
MO	SA	N	SA	D	SA	N	A	D	SD
MS	SA	A	SA	A	SA	A	N	N	SA
MT	N	N	N	N	SA	N	N	N	SA
NC	A	N	A	A	SA	SA	SD	SD	SA
ND	A	A	SA	SA	D	D	A	A	SA
NE	A	A	SA	SD	A	A	D	D	SA
NH	A	A	A	N	SA	N	N	N	SA
NJ	A	N	SA	N	SA	A	A	N	SA
NM	A	N	A	A	SA	D	D	N	D
NV	N	N	N	N	SA	N	N	N	SA
NY	A	D	D	D	SA	A	N	D	D
OH	A	A	A	A	SA	N	N	N	SD
OK	A	A	A	N	N	D	D	A	A
OR	A	D	A	N	SA	D	SA	A	A
PA									
RI	N	A	D	SD	SA	D	D	D	D
SC	A	SA	SA	A	SA	A	SA	A	SA
SD									
TN	D	D	SA	SD	SA	N	D	D	N
TX									
UT	SA	A	A	N	SA	N	N	A	SA
VA	A	N	A	N	SA	N	D	A	SA
VT	A	N	A	N	SA	A	N	A	SA
WA	A	A	A	D	SA	N	D	SD	A
WI	A	N	D	SD	SA	N	D	N	SA
WV	A	A	SA	A	SA	N	A	N	A
WY	N	N	A	N	SA	N	D	N	N
TOTAL	47	47	47	47	47	48	47	47	48
SA n	14	5	17	3	43	2	7		25
A n	23	17	21	17	2	13	12	13	12
N n	9	16	6	13	1	21	14	22	6
D n	1	9	3	10	1	12	13	10	4
SD n				4			1	2	1
SA/A	37	22	38	20	45	15	19	13	37
N	9	16	6	13	1	21	14	22	6
SD/D	1	9	3	14	1	12	14	12	5

other item, save “recession producing a decline in revenue.” Following these three top priorities, however, a significant drop-off occurs, with directors ranking no other item above half with “strongly agree” and “agree.”

The state is predicting a \$4 billion deficit on a \$16.4 billion base. Stabilization funds will be used for K-12, higher education will be locked into FY2009 funding levels for FY2010 and FY2011.

--CONNECTICUT

1.7. ARRA funds significantly impacted last year’s budgeting in the states. In FY2008-2009, ARRA funding, which was listed for the first time, ranked in a three-way virtual tie for 2nd as a key budget driver. Only “recession” received more “strongly agree” responses (43 of 47 states) than did ARRA funding (25 of 48 states). Without doubt, as discussed below, ARRA funds impacted last year’s budgeting in the states (Table 2a).

“That even in this recessionary environment, as a key budget driver Corrections with 22 responses ranks ahead of Higher Education, and Tax Cuts (19 responses) is virtually tied with Higher Education (20 responses), speaks to a severe competition public education faces, and may indicate a major public relations challenge higher education and community colleges face to promote the cause of access.”

--2009 Report

Table 3: Formula Funding Status of Community Colleges in Year Just Completed (FY2008-2009), by State

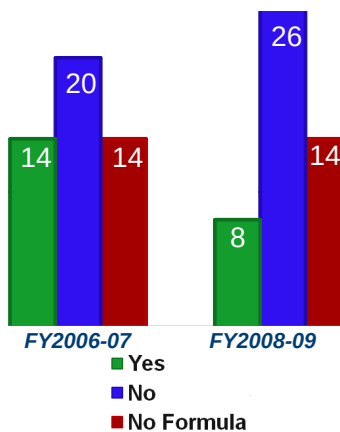
STATE	Funded	Not Fully Funded	No formula (does not apply)	STATE	Fully Funded	Not Fully Funded	No Formula (does not apply)
AK			X	MT	X		
AL			X	NC	X		
AR		X		ND			X
AZ		X		NE		X	
CA		X		NH			X
CO			X	NJ		X	
CT			X	NM	X		
DE		X		NV		X	
FL		X		NY		X	
GA-USC*	X			OH	X		
GA-TCS		X		OK			X
HI			X	OR		X	
IA		X		PA			
ID			X	RI		X	
IL		X		SC		X	
IN		X		SD			
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		Tot n/%	8 24%	26 76%	15 na

report special funding provisions for their rural community colleges. Arizona, Florida, Illinois, Massachusetts, Maryland, New York, Oregon, and Texas report special funding provisions for their small colleges. Arizona, Illinois, Oregon, and Wisconsin report special provisions for their community colleges that serve low property tax wealth districts.



Monroe County Community College (MI)

In the year just concluded, was the community college formula fully funded?: FY2006-07 and FY2008-09



1.8 Last year, 3 of 4 states with funding formulas for community colleges did not fully fund them.

In FY2006-2007, 14 states (41%) indicated their formulas were fully funded, and 20 (59%) indicated they were not fully funded. In FY2008-2009, only 8 states (24%) indicated their community college funding formulas were fully funded, while 26 (76%) said they were not fully funded. Among the 8 reporting megastates, 3 reported fully-funded formulas for their community colleges, and 5 did not (*Georgia's* responses were split).

If states had a funding formula, whether or not the formula was fully-funded, they were asked if special provisions exist for types of community colleges. *Florida* and Nevada

“The reduced revenues are affecting all budgets, along with increased costs of unemployment insurance, health provisions, and delayed expenditures from the previous two years continues to be a concern for ongoing operations. It is not an expenditure issue, it’s a revenue issue.”

--MICHIGAN

1. FINDINGS: LAST YEAR

FUNDING AND ACCESS 2009

Table 4 Use of federal stimulus funds (ARRA) in the Year Just Concluded (FY2008-2009)															
Item: "In my state, federal ARRA stimulus funds used for one-time innovations or investments, so there won't be a major funding hole to fill down the road?"						Item: "In my state, federal stimulus funds (ARRA) backfilled shortfalls in revenues."					Item: "I am concerned a potential in the 2011 base budget for community colleges may occur in my state when the one-time ARRA funds are gone."				
STATE n=48	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
AK				X					X					X	
AL					X		X								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				X			X				X				
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	X					X					X				
MN		X					X					X			
MO					X					X	X				
MS					X	X					X				
MT					X	X					X				
NC				X		X					X				
ND	X									X					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															
RI				X			X					X			
SC		X					X					X			
SD															
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					X	
	SA 4	A 11	N2	D15	SD17	SA 24	A15	N3	D5	SD2	SA27	A12	N1	D5	SD4
	SA & A 15			SD & D 32		SA&A 39			SD&D 7		SA&A 39			SD&D 9	
	31%		4%	65%		80%		6%	14%		80%		2%	18%	

Use of ARRA Funds Last Year

1.9 Most states *did not* use ARRA funds for one-time purposes.

When asked if federal ARRA stimulus funds were used for one-time innovations or investments in their states, only 4 states responded “strongly agree,” 11 “agree,” and 2 “neutral,” while 15 responded “disagree,” and 17 “strongly disagree.” Among megastates, 4 indicated “strongly disagree” (*California, Florida, Georgia-University of Georgia System, and Illinois*), 4 indicated “disagree” (*Georgia-Technical College System, North Carolina, New York, and Ohio*, and 1 indicates “agree” (*Texas*) (Table 4).

1.10 Most states used stimulus funds to backfill revenue shortfalls.

When asked to respond to the statement, “In my state, federal stimulus funds (ARRA) backfilled shortfalls in revenues,” 24 strongly agreed, 15 agreed, 3 were neutral, 5 disagreed, and 2 strongly disagreed. Put differently, 38 of 49 responding states or 80% strongly agreed or agreed, and just 7 states (15%) disagreed or strongly disagreed. Among the 9 responding megastates, 5 strongly agreed (*California, Florida, Georgia-University System, Illinois, and North Carolina*, and 2 agreed (*Georgia-Technical College System, and Texas*), 1 was neutral (*Ohio*), and 1 disagreed (*New York*).

The 38 respondents that indicated “strongly agree” or “agree” were then asked to answer yes or no to this question: “...were base budgets cut, and then these one-time ARRA funds were used to fill the cuts?” Of the 38, 27 indicated yes

and 6 indicated no, while 5 left this question blank. Among the 27 indicating “yes,” 19 provided an estimated percentage by which were base budgets rolled back, with an average of 9.2%, but the range was substantial, from 22.5% in Louisiana, and 9.5% in California, to 1% in Mississippi, 2% in Montana, and 3.6% in Alabama (Table 5). When the 38 responding “strongly agree” or “agree” are cross-listed with the list in Table 1 of states taking mid-year budget cuts in the year just concluded, 4 of 5 (31 compared to 8 states) saw mid-year cuts (the specific responses of states to this survey item are included in Appendix B, below). **This is strong evidence federal stimulus funds were used for the purpose for which they were intended, to backfill revenue shortfalls in state tax revenues.**

1.11 Concerns exist about what will happen when ARRA funds run out in FY2011.

To the item “I am concerned a potential shortfall in the 2011 base budget for community colleges may occur in my state when the one-time ARRA funds are gone,” 26 of 48 indicated “strongly agree,” 12 “agree,” 1 “neutral,” 4 “disagree,” and 5 “strongly disagree.” Put differently, 38 of 48 or 80% were concerned about what would happen when federal ARRA stimulus funding runs out in FY2011 (Table 4).

“The ARRA stimulus funds helped with one-time costs to bridge the system down to a lower funding level anticipated in FY2012. The state is currently projecting a deficit of \$4.5 billion for the 2012-2013 fiscal biennium.”
--MINNESOTA

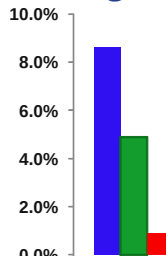


Itasca Community College (MN)

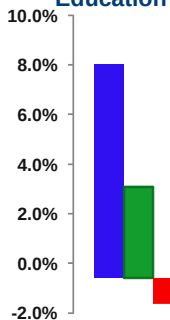
To expand economic development opportunities in Minnesota’s Iron Range, Itasca Community College’s new Engineering Technology building includes laboratories and classrooms on its first two floors, and residence halls on the top floor (about 60% of all rural community colleges have residence halls, due to transportation issues students face). A second residence hall was constructed nearby to accommodate student demand in this high-wage, growing employment area, as the college fulfills its mission to build regional economic sustainability in rural northeast Minnesota.

2. FINDINGS: NEXT YEAR (FY2009-2010)

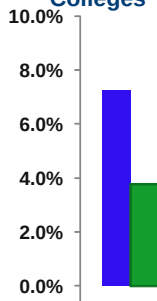
Declining Operating Budgets



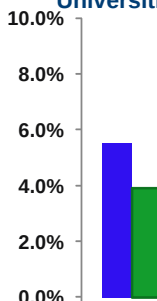
K-12 Education



Community Colleges



Flagship Universities



Regional Universities

■ FY2006-7 to FY2007-8
 ■ FY2007-8 to FY2008-9
 ■ FY2008-9 to FY2009-10

Table 5 Changes in State Operating Budget Support from FY2008-2009 to FY2009-2010, By Sector and State

STATE	K-12 Education	Community Colleges	HBCUs (if any)	Regional Universities	Flagship Universities
AK					4.1%
AL		2%			
AR	1.5%	2.8%	0.9%	2.3%	2.1%
AZ	-1.8%	-1.3%			-5.4%
CA		-14.0%			
CO		0%		0%	0%
CT*	0%	0%		0%	0%
DE		-5.9%			
FL	0%	-0.3%		-3.2%	-3.2%
GA-USG	0%	-5%	-5%	-5%	-5%
GA/TCS		-10%			
HI		---			
IA	4%	0%			
ID	3.3%	-5.4%		-4.7%	-0.4%
IL	0%	0%		0%	0%
IN	3%	1%		-4%	-4%
KS		-7%		-7%	-7%
KY	0%	0%	0.0%	0%	0%
LA		-7.7%			
MA		0%		0%	0%
MD		3.8%	1.4%	1.4%	1.4%
ME	0%	-2.5%		-2.5%	-2.5%
MI*					
MN		-0.6%		-0.6%	
MO	3%	4%	4.0%	2%	5%
MS		2.9%	0.0%	0%	0%
MT	2.5%	7.5%		4.4%	4.4%
NC	-9.4%	-3.5%	-4.6%	-4.6%	-4.6%
ND		15.4%		16.1%	12.8%
NE	8%	1.5%		1.5%	1.5%
NH	5%	0%		0%	0%
NJ		0%		0%	0%
NM		-1.9%		-2.0%	-0.5%
NV		-11%			-11%
NY		0%		-3%	-3%
OH		0.5%	-1.0%	-0.6%	0.6%
OK		3%	3%	3%	3%
OR	-5%	-10%		-10%	-10%
PA					
RI		-3%			
SC		-24.4%			
SD					
TN	0%	0%	0%	0%	0%
TX	9.2%	8.1%			
UT		8%		8%	8%
VA	1.4%	-0.2%	1.0%	1.1%	-0.5%
VT		0%		0%	0%
WA		-3.1%		-16.7%	-15.1%
WI	-2.7%	0.5%		-5%	-5%
WV		0%	0%	0.1%	-0.3%
WY	0%	0%			0%
Total n	22	46	12	34	37
Mean %	1%	-1%	-0.03%	-0.85%	-0.93%
Median %	0%	0%	0%	0%	0%

2.1 Next year, state operating support for ALL postsecondary sectors will decline.

For next year, FY2009 to FY2010, state operating budget support is predicted to be well below the predicted Higher Education Price Index (HEPI) inflation measure of 2.3% for FY2009 for every sector of education. Only K-12 education will see a predicted increase - but that increase was just 0.9% - well below the 2.3% HEPI inflation measure. Community colleges, HBCUs, regional universities, and flagship universities, saw mean declines of -1%, -0.03%, -0.85% and -0.1%. **This means that each sector must meet inflation increases and program retooling costs from their existing budgets, while enrollments are growing (Table 5).**

2.2 Community

"All new funding is coming from budget reserves (one-time money). What about FY2011?"

--ARKANSAS

colleges face declining state support and all-time record enrollments.

The mean decline of 1% in operating budget support across the 45 reporting states



Northern Wyoming
Community College

“Due in large part to the decline in the price of extractive minerals, Wyoming’s revenue has declined significantly in comparison to immediate prior years. The governor instituted a 10% budget cut for FY2010. Wyoming employs a biennial budget process, and these cuts were implemented mid-way through the biennium.”

--WYOMING

“Collections are very poor and not showing any signs of improving at this point. The FY 2010 budget is balanced, primarily using federal budget stabilization dollars. There is an urgent need to begin immediately to either reduce current spending trends or increase revenue. There is little ability to raise revenue, and even less will to do so.”

--MISSOURI

Table 5a Predictions of Changes in State Operating Budget Support by Sector for Next Year (FY2009 to FY2010) from Year Just Concluded (FY2008 to FY2009) compared to inflation (Higher Education Price Index of 2.3%) in states with and without local support for Community Colleges

Sector of Education	States that Cut or Increased $\leq 2.3\%$ (HEPI) that had funds from...		States that Increased $\leq 2.3\%$ (HEPI) that had funds from...	
	LOCAL	NON-LOCAL	LOCAL	NON-LOCAL
K-12 Education <i>n=15</i>	3 NC, OR, WI	2 AR, VA	6 IA, MO, MT, NE, NH,	2 IN, NH
Community Colleges <i>n=34</i>	10	14 AL, DE, FL, GA(USG), GA(TCS), HI, IN, LA, ME, MN, NV, RI, VA, WA	7 ID, IA, MO, MT, NE, OK, TX	3 AR, ND, UT
HBCUs <i>n=9</i>	4 MD, MS, NC, OH	3 AR, GA(USG), VA	2 MO, OK	
Regional Universities <i>n=26</i>	13 AZ, ID, KS, MD, MS, MO, NC, NE, NM, NY, OH, OR, WI	10 AR, FL, GA(USG), HI, IN, ME, MN, VA, WA, WV	1 MT	2 ND, UT
Flagship Universities <i>n=28</i>	12 AZ, ID, KS, MD, MS, NE, NC, NM, NY, OH, OR, WI	10 AR, FL, GA(USG), HI, IN, ME, NV, VA, WA, WV	3 MO, MT, OK	3 AK, ND, UT

comes at a time of all-time record enrollments. Thirty-seven states saw cuts, flat funding, or increases of less than the 2.3% HEPI measure of predicted inflation for FY2009. Just 8 states--Arkansas, Maryland, Mississippi, Missouri, Montana, North Dakota, Oklahoma, and Utah--saw increases above the 2.3% HEPI. **No megastate saw a funding increase, while 7 of 9 saw declines or flat funding:**

California, -14%; Florida, -0.32%; Georgia-University System, -5%; Georgia-Technical College System, -10%; Illinois, flat; North Carolina, -3.5%; New York, flat. Only Ohio (+0.48%) and Texas (+8.1%) predict increases. With the HEPI at 2.3%, this means

that among reporting megastates, only *Texas* saw an increase above the 2.3% HEPI for FY2009. Combined with the large growth in high school graduates, the reported failure of 26 of 34 states to fully fund their community college formulas, and the perception that rural, suburban, and urban community colleges in many states face great fiscal strain, the funding picture has clearly weakened (See Table 7a; see also Tables 3 and 3a).

2.3 Community colleges will

see the largest operating cuts in all of higher education.

No education sector took more cuts in state operating budget support than did community colleges. The mean cut of -1% in operating budget funding for next year for community colleges compares to a cut of -0.85% for regional universities, -0.1% for flagship universities, and -0.03% for HBCUs. The notion that community colleges receive favorable treatment due to the recent national media attention is simply not true (Table 5a).



Portland
Community
College (OR)

2.4 Tuition is rising at more “Further cuts are pending.”

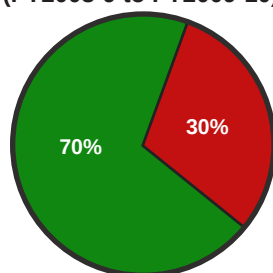
--GEORGIA (TECHNICAL
COLLEGE SYSTEM)

High tuition/High Aid can only work if states raise state student aid as tuition rises.

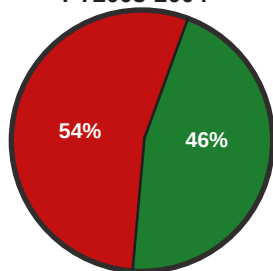
In the last two recessions, this has NOT occurred.

STATES CUTTING OR FLAT FUNDING THEIR STATE STUDENT AID PROGRAMS

**NEXT YEAR (recession)
(FY2008-9 to FY2009-10)**



**6 YEARS AGO (recession)
FY2003-2004**



“Revenues are down, and the state borrowed \$3.4 billion from its pension fund to pass a budget that is \$7 billion less in FY2010 than in FY2009. A tax increase did not pass the General Assembly.”

--ILLINOIS

Table 6
Predicted Changes in Tuition (increases or decreases), Comparing Median Percentages in the Year Just Ending (FY2008-2009) to the Two Prior Years (FY2007-2008 and FY2006-2007), by Sector

Predicted Increases	Community Colleges	HBCUs (if any)	Regional Universities	Flagship Universities
NEXT YEAR (FY2008-09 to FY2009-10)	49	14	39	41
Median Percentage-Point Change	5%	3.8%	5.5%	5.5%
LAST YEAR (FY2007-08 to FY2008-09)	46	16	35	35
Median Percentage-Point Change	5%	5%	6%	6%
TWO YEARS AGO (FY2006-07 to FY2007-08)	48	12	36	37
Median Percentage-Point Change	5%	6.6%	6.6%	6%
PERCENTAGE-POINT CHANGE, comparing FY2006-07 to FY 2008-09 and FY2008-09 to FY 2009-10	0%	-2.80%	-1.10%	-0.50%

than double the inflation rate.

In good and bad years it is used by states to raise funds to cover budget shortfalls for community colleges and all of higher education.

In each postsecondary sector--community colleges, HBCUs, regional universities, and flagship universities--both the mean and the median tuition increases were more than double the projected FY2009 Higher Education Price Index measure of 2.3%. By sector, the median projected/estimated increases for FY2009-2010 were 5.0%, 3.8%, 5.5%, and 5.5%, respectively; the mean projected tuition increases were 5%, 3.78%, 6%, and 6%, respectively. In light of the fact that the HEPI for FY2008 was 3.6%, due in part to the spiking of oil/gas, it is very clear that states turn to tuition to fund public higher education sectors generally and community colleges specifically. In light of this fact, it is important to focus on state investment in state student aid programs, which is discussed below (Table 8).

tuition at similar rates across all postsecondary sectors.

Of particular interest to policy makers concerned with increasing baccalaureate degree success by fostering community college transfer is tuition at regional universities. Thirty-nine respondents predicted median tuition increases of 5.5% at their regional universities for FY2009-2010, which compares to mean predicted increase of 5.5% at flagship universities. Significantly, 21 states predicted within a percentage point similar tuition increases for their regional and flagship universities. Among these 21 states are the 4 states will hold tuition increases for all sectors at zero for FY2009-2010. Seven of 9 megastates indicated tuition would increase in FY2009-2010 (both of Georgia's systems report flat tuition increases for FY2009-2010, and Texas did not report for its community colleges). It is important to note that most megastates are raising community college tuition at rates more than double the HEPI inflation measure; further, the fact that a number of states are holding tuition at zero means others are raising it at three or four times the HEPI inflation measure, or more (Table 6).

“The severe downturn in state economic conditions continue to negatively impact state funded departments and programs.”

--HAWAII

2. FINDINGS: NEXT YEAR

FUNDING AND ACCESS 2009

“For the third year in a row, the FY2009-2010 budget year will be a combination of strong enrollment increases, reduced college operating budgets, and significant tuition increases. The state does not have the revenue to fund these 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 2010 fiscal year. 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.”

--FLORIDA

Table 6a: Predicted Percentage Increases or Decreases in Tuition from FY2008-2009 to FY2009-2010

STATE	Community Colleges	HBCUs (if any)	Regional Universities	Flagship Universities
AK	5%			5%
AL	0%			
AR	3%	2.6%	2.9%	1%
AZ	6%			
CA	30%		30%	9.3%
CO	9%		9%	9%
CT	7.1%		3%	3%
DE	5.6%	0%		9.8%
FL	8%		15%	15%
GA-USG	0%	0%	0%	0%
GA-TCS	11%			
HI	11.3%			
IA	6%			
ID	8.1%		6.2%	6.5%
IL	7.3%		12.1%	10.3%
IN	1%		4%	4%
KS	5.5%		6%	6.5%
KY	3.3%	4%	4%	5%
LA*	5%			
MA**	0%		0%	0%
MD	3%	0%	0%	0%
ME	3%		6%	6%
MI	5%		6%	6%
MN	2.8%		3%	
MO	0%	0%	0%	0%
MS	3.9%			
MT	0%		0%	3%
NC	19%	8%	8%	8%
ND	0%		3.5%	3.5%
NE	4%		5%	5%
NH	4.5%		6%	7%
NJ	5%		3%	3%
NM	3%		5%	5%
NV	10%		10%	10%
NY	4%		14.2%	14.2%
OH	3.5%	3.5%	3.5%	3.5%
OK	0%	0%	0%	0%
OR	7%		8%	8%
PA	3.7%		3.6%	
RI	3%			
SC	3.6%	8.4%	4.2%	4.0%
SD				
TN	5.5%	6%	6%	6%
TX		6%	7%	4.5%
UT	8%		7.3%	7.3%
VA	7.7%	7.2%	5.1%	5.1%
VT	5.6%		6%	6%
WA	7.0%		14%	14%
WI	4.5%		5.5%	5.5%
WV	4.7%	5.8%	6.7%	4%
WY	-10%			-10%
Total	49	14	39	40
Mean %	5.2%	3.7%	6.1%	5.3%
Median %	4.7%	3.7%	5.5%	5.1%

THE CHALLENGE OF FUNDING ACCESS IS NOT NEW. A 1994 REPORT SAID: “We are concerned because we see the flow of public money to our colleges and universities diminishing at a time of unprecedented political, social, and economic change. We are concerned that higher education institutions have replaced millions of state tax dollars with the fastest growing special use tax in America-tuition-threatening one of our region’s greatest higher education accomplishments--access.”

-Commission on Educational Quality, Southern Regional Education Board,



Miami-Dade College (FL)



Gateway Community and Technical College (KY)



Mid-Plains Community College (NE)

2.6 State student aid pro-



Shelton State
Community College (AL)

“Reductions in state aid present challenges to community colleges as they strive to provide remedial courses and other academic support services to facilitate student retention and success.”

--BRENT D. CEJDA
UNIVERSITY OF NEBRASKA--
LINCOLN;
EXECUTIVE DIRECTOR,
NATIONAL COUNCIL OF
INSTRUCTIONAL
ADMINISTRATORS

grams will see deep cuts next year.

Advocates of the “high tuition/high aid” model of student aid to work argue that every tuition increase should be accompanied by an increase in student aid, so that 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 were flat-funding or cutting their state student aid programs.

This year, among 43 responding states, 9 report cuts for next year (FY2009 to FY2010) in their state student aid programs (need- or merit-based), while 21 indicate flat-funding their programs-- *while most are raising tuition. Put differently, 30 of 43 responding states indicate cuts or flat-funding in their state student aid programs (70%), a figure far worse than the FY2003 recession.* This may in part be an indication of the severity of the state fiscal climate in the current recession, as Chart Two (above) shows. The current recession has produced much deeper and more rapid declines in state tax revenues than in FY2003 (Table 8).

“State revenue projections are currently on target. Therefore it appears that additional cuts will not be necessary for FY2011.”

--UTAH

“We expect...peak unemployment exceeding 10% by the end of the calendar year. This will keep a lid on state revenues, so we expect another tough legislative session this winter (January-March). Further cuts for state government (including community and technical colleges) are expected.”

--WASHINGTON



Richland College (TX)

“North Dakota is among the few states that are fortunate to have a growing economy. The 2009-2011 state budget is \$3.25 billion, compared with \$2.46 billion for 2007-2009.”

--NORTH DAKOTA



Miami-Dade College (FL)

Table 7
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%
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
TWO-YEAR CHANGE, FY2006-7 to FY2009-10	+8	+9	+18	-6	-4	+1	-5	-1

“Given the reality that many of the most expensive programs...are housed within the...technical education function, it may be difficult for community colleges to change their program mix to help America’s workforce retool from recession.”

--2009 report



Delaware Technical and Community College

“Although the legislature passed appropriations bills to keep state government and the schools operating as of July 1, 2009, there remains a deficit of over \$3 billion (out of a \$10 billion budget) for the current 2009-2010 fiscal year that has not been addressed. The legislature is currently in special session to determine what combination of further cuts, revenue enhancements (perhaps a sales tax issue sent to the November ballot), or other measures will be used to close the \$3 billion gap.”

--ARIZONA

*Table 7a
State Funded Direct Grant Student Aid:
Average Predicted Percentage Changes
from FY2008-2009 to FY2009-2010 (increases or decreases),
by State*

STATE n=43	Cuts	Flat Funding	≤ 2.9%	3.0 to 5.9%	6.0 to 9.9%	10.0 to 19.9%	≥ 20%
AK		X					
AL							
AR		X					
AZ			-1.3%				
CA							
CO		X					
CT		X					
DE		X					
FL							
GA-USG		X					
GA-TCS							
HI							33%
IA		X					
ID					6%		
IL	-50%						
IN				3%			
KS	-4.75%						
KY		X					
LA						14%	
MA		X					
MD		X					
ME	-2.50%						
MI	-15%						
MN	-0.06%						
MO		X					
MS				4.90%			
MT		X					
NC	-17.40%						
ND							169.20%
NE				3%			
NH		X					
NJ						12%	
NM		X					
NV		X					
NY		X					
OH	-52.20%						
OK		X					
OR	-15%						
PA							
RI							
SC		X					
SD							
TN							
TX							29%
UT		X					
VA					8.50%		
VT		X					
WA					9%		
WI				5%			
WV							
WY		X					
Total	9	21	1	4	3	2	3

“As a community college professor, I see firsthand the significant and critical role that community colleges play in educating students and preparing them for a fiercely competitive workforce. Community colleges will no doubt play an increasingly important role in restoring the economy over the coming years by training Americans for jobs of the future in affordable and accessible ways.”

--Dr. Jill Biden,
PROFESSOR,
NORTHERN VIRGINIA
COMMUNITY COLLEGE



Delaware Technical and Community College

“Our overall revenue structure experienced large shortfalls, given loss of 2 automotive facilities (GM and Chrysler), plus our reliance upon the financial services industry. (Our) state is undergoing review of current revenue streams and expenditure responsibility at the state level.”

--DELAWARE

Table 8
Summary of Predicted Changes in Community College Functions:
Next Year (FY2008-9 to FY2009-10), compared to Two Years Ago(FY2006-7 to FY2007-8)

KEY COMMUNITY COLLEGE FUNCTION	FY 2006-2007 to FY2007-2008			FY 2008-2009 to FY2009-2010			TWO YEARS' CHANGE		
	Strengthen	Stay the same	Weakened	Strengthen	Stay the same	Weakened	Strengthen	Stay the same	Weakened
General Education/Transfer	24 52%	21 48%	1 2%	10 21%	33 69%	5 10%	-14 -32%	12 21%	4 8%
Vocational/Occupational/Technical Education	31 63%	16 33%	1 2%	11 23%	30 63%	7 15%	-20 -40%	14 30%	6 13%
Non-Credit courses/Community Services	10 21%	35 73%	3 6%	2 4%	27 56%	19 40%	-8 -17%	-8 -18%	16 34%
Non-Credit Federal Training	13 29%	27 60%	2 11%	22 45%	21 43%	6 12%	9 16%	-6 -17%	4 5%
Developmental Education	13 28%	31 67%	2 4%	9 18%	30 61%	10 20%	-4 -10%	-1 -6%	8 16%
Fine Arts/Cultural Arts	1 2%	41 93%	2 5%	0 0%	30 61%	19 39%	-1 -2%	-11 -32%	17 34%

“We are carefully monitoring state revenues. Because of the revenue shortfalls in May and June 2009, the Governor imposed a 2% allotment shortly after the beginning of the start of the new fiscal year, bringing State General Revenue Fund support for the Higher Education system to \$75.34 million or 12% (\$100 million) below the original FY2009 appropriation.”

--KANSAS

2.7 Most community college functions have been weakened.

Table 10 shows that among six key functions at community colleges, all but funding for non-credit federal workforce training have weakened--in some cases significantly--from two years ago. Respondents were asked whether each of six functions of community colleges would be strengthened, stay the same, or weakened next year. Two years ago, the picture that emerged was general stability with some positive change. Last year, however, while most functions remained stable, significant weakening was observed in vocational, occupational, and technical education, and more states indicate weakening of all functions.

For next year (FY2009 to FY2010), substantial weakness across five of six key functions is predicted, up from four of six last year. It is noteworthy that weakening is predicted for the two for-credit functions that employ mostly full-time faculty, general education for baccalaureate degree transfer, and vocational/occupational/technical education programs.

That latter function also correlates to high wage jobs in high demand areas, such as allied health and nursing or engineering technology (in his July 14, 2009 remarks at Macomb Community College, President Obama noted the success of a former autoworker who had completed a nursing degree). Given the reality that many of the most expensive programs at community colleges are housed within the vocational/occupational/technical

education function, if state operating budgets are cut as predicted, it may be difficult for community colleges to change their program mix to help the nation's workforce retool from recession without substantial additional revenues (See Tables 10 and 10a).

“Female minority students have historically been underrepresented in the fields of science, mathematics, and engineering at colleges and universities. Although a plethora of research has focused on students enrolled in 4-year colleges or universities, limited research addresses the factors that influence gender differences in community college students in science, mathematics, and engineering.”

**--S.S. STAROBIN & F.S. LAANAN,
IOWA STATE UNIVERSITY, 2005**



Shelton State
Community College (AL)



New River Community and
Technical College (WV)

Table 8a: Predicted Changes in Key Community College Functions: FY2008–09 to FY2009–10

	General Education/Transfer			Vocational/Occupational/Technical Ed			Noncredit courses/community			Noncredit federal training			Developmental Education			Fine Arts/Cultural Arts		
STATE	+	=	-	+	=	-	+	=	-	+	=	-	+	=	-	+	=	-
AK		=			=			=		+				=			=	
AL		=		+					-	+				=				-
AR		=			=			=		+				=			=	
AZ		=		+					-	+			+					-
CA		=			=				-		=			=				-
CO		=			=			=		+				=			=	
CT	+				=				-	+			+				=	
DE			-			-		=			=				-			-
FL		=			=				-	+				=				-
GA-USG		=				-		=			=			=				-
GA-TCS		=			=			=				-			-			
HI	+			+			+			+			+				=	
IA			-	+					-	+					-		=	
ID	+				=			=			=			=			=	
IL			-			-			-		=				-			-
IN		=			=			=			=			=			=	
KS		=		+				=		+				=			=	
KY		=			=			=			=			=			=	
LA	+			+				=			=			=			=	
MA		=			=			=		+			+				=	
MD	+				=			=		+				=				-
ME	+				=				-			-		=			=	
MI		=			=				-	+				=				-
MN		=			=			=			=			=			=	
MO		=			=			=			=			=			=	
MS		=			=				-		=		+					-
MT	+				=			=		+				=			=	
NC		=		+					-	+				=			=	
ND		=		+				=			=		+				=	
NE		=			=			=			=				-			-
NH	+			+				=		+				=			=	
NJ		=			=			=			=			=			=	
NM			-			-			-			-			-			-
NV			-			-			-			-			-			-
NY		=			=				-		=			=				-
OH	+			+				=		+			+				=	
OK		=			=			=			=			=			=	
OR		=			=			=		+					-			-
PA																		
RI		=			=		+				=			=				-
SC		=			=			=		+				=			=	
SD																		
TN		=			=				-	+				=			=	
TX	+			+				=			=		+				=	
UT		=			=			=			=			=			=	
VA		=			=				-	+				=			=	
VT		=			=				-	+			+					-
WA		=				-			-			-		=			=	
WI		=				-		=				-			-		=	
WV		=			=			=			=			=			=	
WY			-			-			-			-			-			-
Total n	10	33	5	11	30	7	2	27	19	22	21	6	9	30	10	0	30	19
Total %	21%	69%	10%	23%	63%	15%	4%	56%	40%	45%	43%	12%	18%	61%	20%	0%	61%	39%



Hispanic Heritage Days
Northeast Alabama Community College

“Whether it be the Hispanic Heritage Days Festival at rural Northeast Alabama Community College, ballet at Greenfield Community College, or the Miami Book Fair International, which draws national attention, America’s community colleges play a vital and often unappreciated role in promoting the fine and cultural arts in their communities.”



Miami Book Fair International
Miami-Dade College (FL)



Southeastern Community College

"Our colleges will be operating in a period of peak enrollment demand with fewer resources. Given the fact that our unemployment rate is 7th highest in the country, it is not likely the revenue picture will improve much, and as such, additional mid-year budget reductions are a real possibility, and additional permanent reductions are possible in the 2010-2011 fiscal year."

--NORTH CAROLINA

Southeastern Community College
(NC)

Table 9: Likelihood of mid-year budget cuts in state operating funds for community colleges next year (FY2009-2010), by state

STATE n=50	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					
TN					X
TX				X	
UT			X		
VA	X				
VT				X	
WA	X				
WI	X				
WV			X		
WY				X	
	VH16	H9	N11	L9	VL5
%	32%	18%	22%	18%	10%
VH/H & L/VL	25			14	
%	50%			28%	

2.8 Mid-year budget cuts are likely next year. Last year, a majority of state directors predicted there would be mid-year budget cuts in their recently approved community college state operating budgets for FY2008-2009. Sadly, this prediction became reality, as 34 states report mid-year cuts (see Table 1, above). When asked about the likelihood of mid-year budget cuts in state appropriations for their community college operating budgets for next year (FY2009-2010), among the 50 responses, 16 indicated "very high," 9 states "high," 11 "neutral," 9 "low," and 5 "very low." Among the nation's biggest states, 4 indicated "very high" (California, Georgia [both the University System and the Technical College System], and New York; 2 indicated "high" (Florida and North Carolina); one neutral (Ohio); 1 indicated "low" (Texas) and 1 "very low" (Illinois). Put differently, among 50 responses, 25 (50%) indicated that the likelihood of budget cuts in FY2009-2010 was "high" or "very high," and just 14 (28%) indicated "low" or "very low" (Table 11).

"The governor's office is requesting an ARRA waiver from the federal government that would allow the state to cut higher education below its 2005-06 funding levels for FY2010 and beyond...if this waiver is approved, all of higher education will face further cuts in FY2010 and FY2011."

--COLORADO

Table 10

"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			
ID		X		RI	X		
IL	X			SC	X		
IN		X		SD			
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/%			
				33	79%	9	21%
						7	na

2.9 Steep revenue declines and Medicaid growth heighten concerns of structural deficits.

Four of 5 states (33 or 79%)--including most large states--report structural deficits in their budget processes, compared to 8 (21%) "no," and 7 "not sure." Many with fast-growing enrollments also report both structural deficits in their budget process (see Table 12) **AND** "recession, producing a decline in revenue"(Table 2). All 8 megastates strongly agreed that recession, producing a decline in revenue, was a key driver of budgetary decisions; 7 of these 8 strongly agreed or agreed Medicaid was a key budget driver (Table 2).

"For FY2010--a 3% reduction (back-filled with stimulus funds). In FY2011, we project a 5% reduction (backfiled with stimulus funds)."

--WEST VIRGINIA



New River Community and Technical College (WV)



Southeastern Community College (NC)

<i>Table 11</i> <i>Type of Community College(s) Predicted to Experience the Greatest Fiscal Strain</i>									
	Type of College by Service Area								
	RURAL			SUBURBAN			URBAN		
	Strongly Agree/ Agree	Neutral	Disagree/ Strongly Disagree	Strongly Agree/ Agree	Neutral	Disagree/ Strongly Disagree	Strongly Agree/ Agree	Neutral	Disagree/ Strongly Disagree
NEXT YEAR (FY2009 to FY2010)	36 78%	9 20%	1 2%	24 55%	15 34%	5 11%	26 59%	15 34%	3 7%
LAST YEAR (FY2008 to FY2009)	31 69%	13 29%	1 2%	22 52%	16 38%	4 9%	10 46%	21 48%	3 7%
TWO YEARS AGO (FY2007 to FY2008)	30 66%	13 26%	5 11%	14 34%	20 48%	8 19%	12 30%	20 49%	9 22%
TWO YEARS CHANGE, FY2007-FY2008 to FY2009-2010)	6	-4	-4	10	-5	-3	14	-5	-6

2.10 Next year, ALL types of community colleges will face fiscal strain.

In each report we have conducted since FY2003, respondents indicate that by type of community college (rural, suburban, and urban), their rural community colleges will face the greatest fiscal strain. Last year respondents indicated suburban and urban community colleges faced great fiscal strain. This year, 36 respondents (78%) “strongly agree” or “agree” that their rural community colleges will face great fiscal strain, 26 (59%) indicate their state’s urban community colleges will face great fiscal strains, and 24 (55%) indicate their suburban community colleges face great fiscal strain.

It is clear finances have deteriorated in the past two years, as respondents say all types of community colleges face fiscal strain, and as in past years, more indicate their rural community colleges would be facing great fiscal strain (especially for rural community colleges in the 25 states with local funding that lacked access to a good stream of local support, a problem made worse in the 26 states that failed to fund their community college funding formulas (See Tables 13 and 3).



Miami-Dade College (FL)

“The potentially strongest agency to influence the livelihood of rural communities is the rural community college. These institutions provide skill instruction, occupational training, literacy instruction, liberal education, leisure education, and transfer education.”

**--MICHAEL T. MILLER
& C. TUTTLE,
UNIVERSITY
OF ARKANSAS, 2006**

“My work with urban community college districts has revealed that the student to counselor ratio is typically more than 1,000 to one.”

**--LINDA SERRA HAGEDORN,
DIRECTOR, RESEARCH
INSTITUTE FOR STUDIES IN
EDUCATION,
IOWA STATE UNIVERSITY;
PRESIDENT-ELECT,
ASSOCIATION FOR THE STUDY
OF HIGHER EDUCATION**

Table 11a															
Type of community colleges (rural, suburban, urban) predicted to sustain the greatest fiscal strain in FY2009-2010															
Type of College by Service Area															
STATE	RURAL n=45					SUBURBAN n=42					URBAN n=44				
	SA	A	N	D	SD	SA	A	N	D	SD	SA	A	N	D	SD
AK		X						X					X		
AL			X					X					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		X					X					X			
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													
MT		X						X					X		
NC	X						X						X		
ND		X						X					X		
NE		X						X					X		
NH	X						X					X			
NJ			X					X					X		
NM			X					X				X			
NY	X					X					X				
NY															
OH			X					X					X		
OK		X					X					X			
OR		X					X					X			
PA															
RI															
SC	X						X					X			
SD															
TN			X					X					X		
TX	X							X					X		
UT	X														
VA		X					X					X			
VT			X					X					X		
VA		X					X					X			
VI	X						X				X				
WY			X					X					X		
WY		X								X					X
Total n	SA18	A18	N9	D0	SD1	SA6	A18	N15	D3	SD2	SA9	A17	N15	D2	SD1
Total %	39%	39%	20%		2%	17%	41%	34%	7%	5%	20%	39%	34%	5%	2%
SA/A & D/SD n	36		9		1	24		15		5	26		15		3
SA/A & D/SD %	78%		20%		2%	55%		34%		11%	59%		34%		7%

3. SPECIAL SECTION ON FEDERAL ISSUES: FEDERAL ARRA STIMULUS FUNDS, RECESSION, PELL GRANTS, DREAM ACT, & COMMUNITY COLLEGES **USES OF ARRA FUNDS NEXT YEAR**

3.1 In only a plurality of states will ARRA funds be used for one-time purposes.

Twenty-four respondents “strongly agreed” or “agreed” that federal ARRA funds in FY2009-2010 will be used for one-time innovations or investments, and 23 “disagreed” or “strongly disagreed,” including 6 of 9 megastates (*California, Florida, Georgia’s University System and Technical College, Illinois, and Ohio*).

3.2 A plurality report ARRA funds would be used to backfill shortfalls in state revenues.

When asked to respond to Item 16, twenty-three states said that ARRA funds would be used to backfill shortfalls in state revenues, so that community college operating budgets would not have to be cut, while 21 states disagreed or strongly disagreed, including 5 megastates.

3.3 A majority predict ARRA funds will prevent even deeper cuts next year.

When asked if federal ARRA stimulus funds will be used to backfill state revenues to avoid even deeper cuts in community college operating budgets next year, 29 indicate “agree” or “strongly agree,” while 3 are neutral, and 16 indicate “disagree” or “strongly disagree.” Among the 29 are 6 of 9 reporting megastates.

3.4 Community colleges were fairly treated in distribution of ARRA funds.

A total of 27 respondents responded “strongly agree” or “agree” when asked to indicate if community colleges had thus far been treated fairly in the distribution of ARRA stimulus funds, compared to 8 who responded “disagree” or “strongly disagree” (*Connecticut, Illinois, Montana, Nebraska, Vermont, Washington, Wisconsin, and Wyoming*). Thirteen states were neutral.

“SHORT TERM: LEGISLATIVE STAFF REPORT YESTERDAY PROJECTED FY2010 STRUCTURAL DEFICIT COULD REACH \$8 BILLION.

LONG TERM: UNFUNDED RETIREMENT AND POST-RETIREMENT HEALTH INSURANCE LIABILITIES PLUS BONDED DEBT) ARE THE REAL ISSUES DOWN THE ROAD.” --NEW JERSEY

3.5 ARRA funds will not be used to prevent cuts in state student aid programs.

Eight respondents “strongly agree” or “agree” that federal ARRA funds will be used to prevent cuts in state-funded need- or merit-based student financial aid programs, while 10 “disagree” and 8 “strongly disagree,” and 22 were neutral. Among the 18 indicating disagreement were four megastates (*Florida, Illinois, North Carolina, and Ohio*).

3.6 ARRA funds will not make up for declines in state tax revenues next year.

When asked “In my state, the severe recession will overwhelm the ability of ARRA funds to make up the steep declines in state tax revenues in FY2009-2010,” 9 indicate “strongly agree,” 15 “agree,” 11 are “neutral,” 11 “disagree,” and 2 “strongly disagree.” Among the 24 indicating “strongly agree” or “agree” are 6 of the 9 megastate responses (*California, Florida, Georgia’s University System and Technical College, Illinois, and New York*). *Ohio* and *Texas* were neutral, and *North Carolina* disagreed.

Honors programs, such as Phi Theta Kappa, are an important part of academic life at community colleges



Massachusetts Bay Community College

Table 12: Use of ARRA Funds for Next Year (FY2009-2010)

	SA	A	N	D	SD	SA/A	D/SD
3.1 In my state, for next year (FY2009-2010) federal ARRA stimulus funds will be used for one-time innovations or investments. (n=49)	11	13	2	12	11	49%	47%
	AK, AR, CT, ID, KS, ME, NC, ND, SC, UT, WY	DE, MA, MI, MN, MT, NH, NY, OR, RI, TN, TX, VT, VA	IA, IN	AL, CO, GA-TCS, HI, KY, LA, MD, MS, NM, OK, VA, VI	AZ, CA, FL, GA-USG, IL, NE, NJ, NY, OH, WY		
3.2 In my state, for next year (FY2009-2010) federal ARRA stimulus funds will be used to backfill shortfalls in state revenues so that community college operating budgets will not have to be cut. (n=48)	10	13	4	12	9	48%	44%
	AL, CT, IN, KY, MI, MD, NJ, NY, OH, UT	DE, CA, HI, LA, MA, MS, MT, NH, OR, SC, TN, TX, VT	AR, VA, VI, WY	AK, CO, FL, GA-TCS, IA, ID, ME, MN, NC, NM, OK, RI	AZ, GA-USG, IL, KS, NE, ND, NY, VA, WY		
3.3 In my state, for next year (FY2009-2010) federal (ARRA) stimulus funds will be used to backfill shortfalls in state revenues so that community college operating budgets will not have to be cut <u>even deeper</u> . (n=48)	12	17	3	9	7	60%	33%
	AL, AZ, CA, FL, GA-USG, IA, IL, LA, MD, ME, NY, UT	CO, DE, GA-TCS, HI, ID, KS, MI, MS, NM, OR, SC, TN, TX, VA, VA, VI, WY	MT, NJ, NY	AK, IN, KY, MA, MN, OH, OK, RI, VT	AR, CT, NC, ND, NE, NH, WY		
3.4 In my state, community colleges have been equitably treated thus far in the distribution of federal AARA stimulus funds. (n=48)	9	18	13	2	6	56%	17%
	AR, GA-USG, IA, KS, ME, NJ, NY, OH, UT	AL, AZ, DE, FL, GA-TCS, HI, ID, KY, LA, MA, MI, MN, NH, NY, OK, VA	AK, CO, CA, IN, MD, MS, NC, ND, NM, RI, TX, VA, WY	MT, VT	CT, IL, NE, VA, VI, WY		
3.5 In my state, for next year (FY2009-2010) federal (ARRA) stimulus funds will prevent cuts in state student financial aid programs (need- and merit-based). (n=49)	3	5	22	10	8	17%	38%
	KY, NJ, WY	DE, IN, LA, TX, VT	AK, AL, AR, CA, CO, GA-USG, GA-TCS, HI, IA, MA, MD, ME, MS, MT, NM, NY	AZ, FL, ID, MI, MN, NH, OK, OR, RI, VI	CT, IL, KS, NC, ND, NE, OH, WY		
3.6 In my state, the severe recession will overwhelm the ability of ARRA funds to make up the steep declines in state tax revenues for the FY2009-10. (n=48)	9	15	11	11	2	50%	27%
	AL, AZ, CA, GA-USG, IL, MD, NY, NY, VA	CO, CT, DE, FL, GA-TCS, HI, MA, MI, MN, NJ, OK, OR, SC, VA, VI	KS, LA, ME, MS, NE, NM, OH, RI, TN, TX, VT	AK, AR, IA, ID, IN, KY, MT, NC, NH, UT, WY	ND, WY		

SERVING WORKERS IMPACTED BY THE RECESSION

3.7 Few states assign financial responsibility for workforce training to community colleges.

As in past recessions dating to the creation of the Job Training Partnership Act of 1982, community colleges are expected to assist with worker retraining, but states generally do not assign formal responsibility for this function to their community colleges. When asked “In my state, formal responsibility to administer programs funded by the Workforce Investment Act is assigned to community colleges,” among the 47 responses, just 1 indicates “strongly agree” (Delaware), and only 3 “agree” (Idaho, Rhode Island, and Virginia). Four are neutral, 24 “disagree” and 15 “strongly disagree” (a total of 83%).

3.8 Most states do not offer unemployed workers tuition remission for retraining at community colleges.

Only 2 respond “strongly agree” (Michigan and North Dakota), and only 9 “agree” to the item, “In my state, unemployed workers can attend community colleges tuition-free for retraining purposes.” Nine are neutral, while 17 respond “disagree,” and 11 “strongly disagree.” Among the 11 indicating agreement is only one megastate, *North Carolina*. Among the 28 responses of disagreement were the megastates of *California*, *Florida*, *Illinois*, and *New York*.

3.9 About a third of states indicate increased unemployment has overwhelmed available workforce training funds for community colleges.

In response to “In my state, increased unemployment has overwhelmed available workforce training dollars (via Workforce Investment Act and other sources) for community colleges,” 16 “strongly agree” or “agree,” 17 are “neutral,” and 17 “disagree” or “strongly disagree.” This breakdown is basically a three-way split; among the 16 “strongly agree” or “agree” responses were the megastates of *California*, *Illinois*, and *North Carolina*.

3.10 High unemployment is stressing the existing retraining capacity of community colleges in most states.

Thirty-one states respond “agree” or “strongly agree” to “In my state, increased unemployment is stressing the existing retraining capacity of community colleges in my state.” Six are “neutral,” while 9 indicate “disagree” and just 2 “strongly disagree.” It is significant that among the 9 megastate responses, only one responds “disagree” (*Georgia’s University System*), while *California*, *Illinois*, *North Carolina*, and *Ohio* respond “strongly agree,” and *Florida*, *Georgia’s Technical College System*, *New York*, and *Texas* respond “agree.” Thus, by a margin of nearly three to one, states indicate high unemployment is stressing their community colleges’ existing retraining capacity. Respondents were asked to provide any comments they had to these four items. The responses were quite diverse, as can be seen here:

Colorado and **Connecticut** indicate enrollment is at historic high point.

Illinois: Community college enrollment is increasing at higher percentages than universities, but state dollars are not increasing

Montana: The stress varies by demographic area; those community colleges hard-hit by dislocation are stressed

Minnesota: A few community colleges offer limited tuition remission for unemployed workers.

New Jersey: New Jersey Department of Labor is featuring community college training programs with use of federal stimulus monies

New York: Enrollment increases are straining capacity

Oregon: Not all colleges offer free tuition to unemployed workers, but some do. Coordination between community colleges and Workforce Investment Act has increased the amount of training provided by community colleges.

“A large shortfall is expected.”

--NEVADA

Table 13: Community Colleges and Serving Workers Impacted by the Recession

	SA	A	N	D	SD	SA/A	D/SD
3.7 In my state, formal responsibility to administer programs funded by the Workforce Investment Act is assigned to community colleges. (n=47)	1 DE	3 ID, RI, VA	4 AR, IN, OH, TX	24 AK, AL, CO, CT, FL, HI, IA, KS, KY, LA, MI, MS, MT, MD, NC, NE, NJ, NM, NY, OK, OR, SC, TN, VT	15 AZ, CA, GA-USG, GA-TCS, IL, MA, ME, MN, ND, NH, NY, UT, WI, WY, WY	9%	83%
3.8 In my state, unemployed workers can attend community colleges tuition-free for retraining purposes. (n=48)	2 MI, ND	9 DE, IN, MS, MT, NC, NH, NJ, SC, WY	9 AK, AR, GA-USG, GA-TCS, KS, MN, OH, TN, TX	17 AL, CO, CT, CA, FL, HI, KY, MD, NE, NM, NY, OK, OR, RI, VA, WI	11 AZ, IA, ID, IL, LA, MA, ME, NY, UT, VT, VA	23%	58%
3.9 In my state, increased unemployment has overwhelmed available workforce training dollars (via WIA and other sources) for community colleges. (n=50)	4 IL, ME, MN, VA	12 CT, CA, IA, HI, MI, MS, NC, TN, UT, VT, VA, WI	17 AK, CO, DE, FL, GA-TCS, ID, KS, KY, MT, NE, NM, NY, NY, OH, OK, SC, TX	16 AL, AR, AZ, GA-USG, IN, LA, MA, MI, MD, ND, NH, OR, RI, VA, WY, WY	1 NJ	32%	34%
3.10 In my state, increased unemployment is stressing the existing retraining capacity of community colleges in my state. (n=48)	14 AZ, CA, DE, IA, IN, IL, ME, NC, NJ, NY, OH, SC, VA, WI	17 AL, CO, CT, FL, GA-TCS, HI, LA, MA, MD, MI, MS, MT, NY, OK, OR, TX, UT	6 AK, KS, NM, TN, VA, VT	9 AR, GA-USG, ID, KY, MN, NE, NH, RI, WY	2 ND, WY	64%	23%

THE DREAM ACT AND ITS POTENTIAL IMPACT

Congress is considering passage of the DREAM Act, and we asked state directors of community colleges about issues related to its potential impact.

3.11 State policies are varied as they relate to tuition and undocumented students.

When asked to respond to the item, “My state’s community colleges charge graduates of local high schools who are undocumented students out-of-state tuition,” 5 respond “strongly agree,” 11 “agree,” 12 “neutral,” 15 “disagree,” and 4 “strongly disagree.” Thus, a plurality disagree (19 or 40%), while 16 agree (34%), and 12 or 26% are neutral. It is clear that state policies are highly varied on this issue, which has sparked controversy in some states.

3.12 A plurality believe if passed, the DREAM Act would impact community colleges more than other sectors of postsecondary education.

When asked to respond to “In my state, passage of the DREAM Act would impact community colleges much more than other public higher education sectors (flagship/regional universities),” a plurality of respondents (21 or 45%) “agree” or “strongly agree,” while 13 (or 28%) “disagree” or “strongly disagree,” and 13 (or 28%) are “neutral.”

3.13 A plurality believe the DREAM Act, if passed, would produce a spike in community college enrollments.

When asked, “In my state, the DREAM Act’s passage will produce a spike in community college enrollment,” 2 indicate “strongly agree” (Arizona and *Illinois*); 7 “agree” (Colorado, Connecticut, Idaho, Maryland, Massachusetts, South Carolina, and Utah); a majority (24 of the 47 responses) are “neutral;” 11 “disagree,” and 3 “strongly disagree.”

Individual state responses:

Respondents were asked to provide any comments they had to this item, and the responses below reinforce the late Speaker Thomas P. “Tip” O’Neill’s maxim that “All politics are local.” Given the importance of this issue, we are including all of the responses provided:

In *California*, the DREAM Act is already in effect here. In *Connecticut*, we speculate that more undocumented immigrants would enroll at community colleges if passed.

In *Florida*, what our colleges are experiencing is that the undocumented aliens are still attending even if they have to pay the higher fee rate; however, the experience of one of our largest institutions with a large number of students in this situation is that they get those students for the first one to three semesters, and then many drop out for cost reasons. Passage of the DREAM Act will impact enrollment at community colleges, but more in subsequent years than immediately out of high school.

In *Minnesota*, under a pilot program community and technical colleges have eliminated non-resident tuition; the colleges participating in the pilot program have seen an increase in Hispanic student enrollment.

In *South Carolina*, with the passage of our state’s immigration law, our colleges are not allowed to enroll undocumented students.

In *Washington*, the state passed legislation about five years ago that allows undocumented students who graduate from a Washington high school the opportunity to pay resident tuition rates at colleges and universities, so we don’t think the DREAM Act will impact us as significantly as compared to other states that do not currently provide resident tuition rates for undocumented students.



Mid-Plains Community College (NE)

Table 14: The Dream Act and its Potential Impact

	SA	A	N	D	SD	SA/A	D/SD
3.11 My state's community colleges charge graduates of local high schools who are undocumented students out-of-state tuition. (<i>n=47</i>)	5	11	12	15	4	34%	40%
	AZ, FL, IA, ID, MA	CO, CT, GA-USG, LA, MD, MS, TN, VA, VT, WV, WY	AK, AL, AR, GA-TCS, ME, MN, MT, NC, ND, OH, OK, SC	DE, CA, HI, IL, KY, MI, NE, NH, NJ, NM, NV, NY, TX, WA, WI	KS, OR, RI, UT		
3.12 In my state, passage of the DREAM Act would impact community colleges much more than other public higher education sectors (flagship/regional universities). (<i>n=47</i>)	5	16	13	10	3	45%	28%
	AZ, CT, FL, IA, IL	AR, CO, DE, CA, GA-TCS, MD, MN, NC, NV, OH, OK, SC, UT, VT, WA, WY	AK, AL, HI, ID, KS, KY, LA, MA, ME, MI, MS, NM, VA	GA-USG, MT, ND, NE, NH, NY, TN, TX, WI, WV	NJ, OR, RI		
3.13 In my state, the DREAM Act's passage will produce a spike in community college enrollments. (<i>n=47</i>)	2	7	24	11	3	19%	30%
	AZ, IL	CO, CT, ID, MA, MD, SC, UT	AK, AL, AR, CA, FL, GA-USG, GA-TCS, IA, HI, KS, KY, LA, ME, MI, MN, NC, ND, NM, OH, OK, OR, TN, VA, WA	DE, MS, MT, NE, NH, NY, TX, VT, WI, WV, WY	NJ, NV, RI		

The purpose of a public institution of higher education is to provide access of opportunity, so that as many can achieve as much as and go as far as they possibly can.

--Delyte Wesley Morris
President,
Southern Illinois University,
1948-1971



Tulsa Community College (OK)

IMPACT OF PELL GRANT INCREASES IN FY2009 & FY2010

Congress increased Pell grant funding in early 2007, and again in early 2009, to a current maximum of \$5,350 per year. Given these significant increases, we wanted to know about the impact of this effort by the federal government to increase college access for academically talented, low-income students.

3.14 Raising Pell Grants significantly helps low-income students access community colleges.

When asked to respond to “Raising the maximum federal Pell Grant to \$5,350 for next year (2009-2010) will significantly help low-income students access community colleges in my state,” 14 respond “strongly agree,” 27 respond “agree,” with only 3 “neutral” and 3 “disagree.” Thus, 41 of 47 respondents agree that raising the maximum Pell Grant again next year will significantly help low-income students access community colleges in their states. Among the 9 responding megastates, 4 “strongly agree”: *Florida, Georgia (Technical Colleges), North Carolina, and Ohio*, and 3 agree: *California, Georgia (University System), and New York*.

3.15 The Pell Grant increase was large enough to cover the likely tuition increases.

When asked if the increase to \$5,350 in the maximum Pell Grant was large enough to cover likely tuition increases at their state’s community colleges, 13 respondents indicate “strongly agree,” 30 “agree,” 2 are “neutral,” and 3 “disagree.” No respondents indicate “strongly disagree.” Put differently, 43 of 48 (90%) agree or strongly agree that it will be enough. Only Alaska, Michigan, and Maryland disagreed; all 9 responding megastates “agree” or “strongly agree.”

3.16 The increase in Pell Grants will not cover state cuts or flat-funding in state-funded student aid in many states.

When asked to respond to the statement “The increase to \$5,350 of the maximum Pell Grant in 2009-2010 was large enough to cover state cuts or flat-funding in the state student aid program,” 16 respondents “agree” or “strongly agree,” while 14 “disagree” or “strongly

disagree,” and a plurality of 18 respondents are “neutral.” While 30 of 43 respondents predict cuts or flat-funding in their state student aid programs next year (see Table 7, above), 12 states predict increases of 3% or more (compared to the Higher Education Price Index of 2.3%). That response would be divided into thirds (agreement, neutral, disagreement) as to whether increases in federal Pell Grants would be large enough to cover cuts in state student aid is to be expected.

3.17 Low tuition is in effect the state student aid program in a third of the states.

When asked to respond to the statement, “In my state, funding for state student aid (need- and merit-based) is so small that low tuition is in effect my state’s student aid program” 15 or a third of states responding “strongly agree” or “agree,” including 2 megastates (*Illinois, North Carolina*), 9 are neutral, and 24 or half “disagree” or “strongly disagree.”

3.18 Making Pell Grants an entitlement would help community colleges reach talented, disadvantaged students.

When asked “Making the Pell Grant program an entitlement would help community colleges in my state reach academically talented, economically disadvantaged students,” 12 “strongly agree,” 23 “agree,” 10 are “neutral,” and only 3 “disagree” or “strongly disagree.” Thus, among the 38 states venturing an opinion, 35 are in agreement (including 5 of the 9 responding megastates: *California, Illinois, North Carolina, New York, Ohio*), while just three are not.

“One of the best ways to make higher education affordable is through Pell Grants. Pell Grants make it possible for people from all walks of life to afford a college education. Pell Grants send an important message to students in need. If you work hard, and you stay in school and make the right choices, the federal government is going to stand with you. That’s what a Pell Grant says.”

-President George W. Bush, 2007

**Table 15: Impact of Increases by the Federal Government
in Pell Grant Expenditures in FY2009 & FY2010**

	SA	A	N	D	SD	SA/A	D/SD
3.14 Raising the maximum federal Pell Grant to \$5,350 for next year (2009-2010) will significantly help low-income students access community colleges in my state. (n=47)	14	27	3	3	0	84%	6%
	AZ, FL, GA-TCS, ID, LA, MD, ME, MI, NC, NE, NH, NY, OH, SC	AK, AL, CO, CT, DE, CA, GA-USG, HI, IA, IN, KS, KY, MA, MN, MS, MT, ND, NJ, NM, NY, OK, TN, VA, VT, WA, WY, WY	AR, TX, VI	IL, OR, RI			
3.15 The increase to \$5,350 of the maximum Pell Grant for 2009-2010 was large enough to cover likely tuition increases at my state's community colleges. (n=48)	13	30	2	3	0	90%	6%
	AZ, FL, MA, ME, MN, NC, ND, NE, NY, OH, TX, VA, WY	AL, AR, CO, CT, CA, DE, GA-USG, GA-TCS, HI, IA, ID, IL, IN, KY, LA, MS, MT, NH, NJ, NM, NY, OK, OR, SC, TN, UT, VA, VT, VI, WY	KS, RI	AK, MI, MD			
3.16 The increase to \$5,350 of the maximum Pell Grant in 2009-2010 was large enough to cover state cuts or flat-funding in the state student aid program. (n=48)	6	10	18	10	4	33%	29%
	ID, ME, ND, NE, TX, VA	AZ, FL, GA-TCS, KY, MN, MS, NC, NH, SC, UT	AK, AL, AR, CA, CO, GA-USG, HI, IA, IN, KS, MA, MT, NJ, NM, NY, VA, VT, WY	CT, DE, MD, MI, OH, OK, OR, RI, TN, VI	IL, LA, NY, WY		
3.17 In my state, funding for state student aid (need- and merit-based) is so small that low tuition is in effect my state's student aid program.	4	11	9	14	10	31%	50%
	AK, IL, LA, ME	AZ, CO, ID, KS, NC, NE, NM, NY, RI, VA, WY	HI, IA, MI, MT, ND, NY, OH, OK, VI	CT, CA, DE, GA-USG, GA-TCS, IL, KY, MA, MD, MS, SC, TN, UT, VT	AL, AR, FL, MN, NH, NJ, OR, TX, VA, WY		
3.18 Making the Pell Grant program an entitlement would help community colleges in my state reach academically talented, economically disadvantaged students. (n=48)	12	23	10	2	1	73%	6%
	AK, AL, AZ, ID, IL, MS, NC, NE, OH, SC, VA, WY	DE, CA, HI, IA, KS, KY, LA, MD, MI, MT, ND, NH, NJ, NM, NY, NY, OK, OR, TN, UT, VA, VT, WY	CO, CT, FL, GA-USG, GA-TCS, MA, ME, MN, TX, VI	IN, RI	AR		

4. “HOT TOPICS”

PART 4: “HOT TOPICS”

4.1 Expanding community college capacity is needed to increase America’s adult baccalaureate success rate.

In his speech to a joint session of Congress on February 27, 2009, President Barack Obama set the goal of making America #1 again in adult baccalaureate degree attainment by 2020. When asked to respond to the item, “To achieve President Obama’s goal to dramatically increase the numbers of adult Americans attending college requires expanding community college capacity, 22 “strongly agree,” 21 “agree,” 1 is “neutral,” and 3 “disagree.” No “strongly disagree” response was received. State directors strongly believe that community college capacity must be expanded to achieve this national policy goal.

4.2 Conditions for success of the “high tuition/high aid” model do not exist in most states.

“High tuition/high aid” advocates argue for close coordination of appropriations (operating budgets), tuition, and state student financial aid (merit and/or need-based) policies, so that when tuition is increased,

state-student aid is increased as well. When asked if “Policies for appropriations (operating budgets), tuition, and state student financial aid (merit and/or need-based) are closely aligned in my state,” just 1 indicates “strongly agree,” 10 “agree,” 7 are “neutral,” 23 “disagree,” and 5 “strongly disagree.” By nearly 3 to 1 among those venturing an opinion, 11 agree that policies are closely aligned, and 28 do not.

4.3 State investments in student aid are not keeping pace with tuition increases.

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,” 12 “agree,” 4 are “neutral,” 17 “disagree,” and 12 “strongly disagree.” Put differently, of those venturing an opinion, 29 of 14 (a 2 to 1 margin) respondents disagree that state investments are keeping pace with tuition increases. These responses are consistent with our 2008 survey’s special section on student aid, which asked if tuition was increased with corresponding increases in need-based state-funded student financial aid programs, 8 responded yes (18%), 30 no (68%) and 6 not sure (14%), and when asked if tuition was increased with corresponding increases in

Table 16: “HOT TOPICS”: Key Issues

	SA	A	N	D	SD	SA/A	D/SD
4.1 To achieve President Obama's goal to dramatically increase the numbers of adult Americans attending college requires expanding community college capacity. (n=48)	22 AK, AL, AZ, CT, DE, CA, FL, IA, IL, LA, MD, ME, MI, NC, ND, NJ, NY, OH, SC, TN, WA, WI	22 CO, GA-USG, GA-TCS, HI, ID, IN, KY, MA, MS, MT, NE, NH, NM, NV, OK, OR, UT, TX, VA, VT, WV, WY	1 KS	3 AR, MN, RI		92%	6%
4.2 Policies for appropriations (operating budgets), tuition, and state student financial aid (merit and/or need-based) are closely aligned in my state. (n=48)	1 ME	10 AK, GA-TCS, ID, MA, MN, NC, OH, OK, UT, WA	9 AR, FL, HI, IN, MI, ND, NM, TX, VA	23 CT, DE, CA, GA-USG, IA, KS, KY, LA, MD, MS, MT, NE, NH, NJ, NY, OR, RI, SC, TN, VT, WI, WV, WY	5 AL, AZ, CO, IL, NV	23%	58%
4.3 In the most recently approved budget, state investment in state funded need-based and merit-based student aid kept pace with tuition increases. (n=48)	2 TN, TX	12 AR, HI, MA, ND, NJ, NY, OK, OR, VA, WA, WI, WV	5 GA-TCS, IN, LA, ME, MT	17 CT, CA, FL, KY, MD, MI, MN, MS, NC, NE, NH, NM, RI, SC, OH, UT, VT	12 AK, AL, AZ, CO, DE, GA-USG, IA, ID, IL, KS, NV, WY	29%	60%
4.4 Legislation allowing community colleges to deliver 4-year degrees may soon pass in my state. (n=48)	2 FL, WA	1 IL	10 AK, CA, GA-TCS, KS, MI, OH, NJ, NV, TX, WV	19 AZ, DE, GA-USG, HI, ID, KY, MA, MD, ME, MS, MT, NH, NM, OR, UT, VA, VT, WI, WY	16 AL, AR, CO, CT, IA, IN, LA, MN, NC, NE, ND, NY, OK, RI, SC, TN	6%	73%

merit-based state-funded student financial aid programs, 4 responded yes (9%), 34 no (79%) and 5 not sure (12%). (Items 12, and 13 in Table 11 from the 2008 survey.).

4.4 Creating new community college baccalaureate degrees is not likely.

When asked to respond to the item, “Legislation allowing community colleges to deliver 4-year degrees may soon pass in my state,” 2 indicate “strongly agree,” 1 indicates “agree,” 10 indicate “neutral,” 19 indicate “disagree,” and indicate “strongly disagree.”

4.5 Public flagship universities are not capping enrollments in most small states, but have in large ones.

Most states (28) “disagree” or “strongly disagree” that enrollments had been capped at public regional universities in their states. In contrast, 12 respondents “strongly agree” (*California, Florida, Illinois, Indiana, and Washington*) or “agree” (*Colorado, Connecticut, Delaware, New York, Texas, Vermont, and Wisconsin*) report that enrollments had been capped at their state’s public flagship universities. **Significantly, the five largest states in the union report capped**

enrollments at their state’s public flagship universities.

4.6 Public regional universities are not capping enrollments in most states, excepting the largest “megastates.”

Most states (29) “disagree” or “strongly disagree” that enrollments had been capped at public regional universities in their states. In contrast, 7 “strongly agree” (*California, Florida, Illinois, and Washington*) and “agreed” (*Connecticut, New York, and Wisconsin*). Among the seven states who agreed or strongly agreed that enrollments had been capped are four of the nation’s five largest states, supporting the data in Charts 4 and 5 above.

4.7 States are divided as to sufficient capacity to serve current and projected numbers of high school graduates.

Twenty-five respondents indicate their community colleges presently have the capacity to meet current and projected numbers of high school graduates, but a third (16) “disagree” or “strongly disagree.” Among the 16 states indicating capacity concerns are 3 megastates: *California*, which enrolls one in four US

Table 16a: “HOT TOPICS”: Capacity Issues

	SA	A	N	D	SD	SA/A	D/SD
4.5 Public flagship universities have capped enrollment in my state. (n=48)	5	7	8	14	14	25%	58%
	CA, FL, IL, IN, WA	CO, CT, DE, NY, TX, VT, WI	AZ, GA-TCS, IA, ME, MN, SC, TN, VA	HI, KY, LA, MA, MD, MI, NC, NE, NJ, OH, OR, RI, TN, UT	AK, AR, GA-USG, ID, KS, MS, MT, NH, ND, NM, NV, OK, WV, WY		
4.6 Public regional universities have capped enrollment in my state. (n=44)	4	3	8	16	13	15%	63%
	CA, FL, IL, WA	CT, NY, WI	AZ, CO, DE, GA-TCS, IA, ME, SC, VA	HI, IN, KY, LA, MA, MD, MI, NC, NE, NJ, OH, OR, RI, UT, TX, VT	AK, GA-USG, ID, KS, MN, MS, MT, ND, NH, NM, NV, OK, WV		
4.7 Community colleges presently have the capacity to meet current and projected numbers of high school graduates in my state. (n=48)	5	20	7	12	4	52%	33%
	AK, AR, IL, ND, WV	AL, CO, FL, HI, IA, ID, KS, LA, MN, MS, MT, NE, NH, NM, OK, RI, TX, VT, WA, WY	CO, GA-TCS, NC, NJ, OH, SC, VA, WI	AZ, CT, GA-USG, IN, KY, MA, MD, MI, NY, OR, TN, UT	CA, DE, ME, NV		
4.8 Community colleges presently have the capacity to meet current and projected numbers of older returning adult students in my state. (n=41)	6	16	5	17	3	47%	43%
	AR, ID, IL, ME, ND, WV	AK, AL, CO, FL, KS, LA, MN, MS, MT, NE, NH, OK, RI, TX, VT, WY	NJ, NM, OH, SC, VA	AZ, CT, GA-USG, GA-TCS, HI, IA, IN, KY, MA, MD, MI, NC, NY, OR, UT, WA, WI	CA, DE, NV		
4.9 Funding for facilities (new construction and renovation) is a major need in my state. (n=48)	24	22	2			96%	
	AK, AL, DE, CA, FL, HI, IL, IN, KS, ME, MN, ND, NJ, NV, NY, OH, OK, RI, SC, TN, TX, VT, WA, WV	AZ, CO, CT, GA-USG, GA-TCS, IA, ID, KY, LA, MA, MD, MI, MS, NC, NE, NH, NM, OR, UT, VA, WI, WY	AR, MT				
4.10 Federal aid for facilities (new construction and renovation) is needed. (n=48)	25	14	9			81%	
	AK, AL, AR, CT, DE, CA, FL, HI, IL, IN, KS, LA, ME, MN, NC, ND, NH, NJ, NY, OH, RI, TN, WA, WI, WV	AZ, CO, IA, KY, MA, MS, MT, NE, NV, OR, SC, UT, VT, WY	GA-USG, GA-TCS, ID, MD, MI, NM, OK, TX, VA				

4. “HOT TOPICS”

FUNDING AND ACCESS 2009

community college students, *New York*, and *Georgia's University System*. Other states indicating concerns about capacity for current and projected high school graduates include Arizona, Connecticut, Delaware, Indiana, Kentucky, Massachusetts, Maryland, Maine, Michigan, Nevada, Oregon, Tennessee, and Utah.

4.8 States are divided as to sufficient capacity to serve current and projected numbers of older returning adults.

Two years ago (2007), 14 states indicated concerns with capacity to serve current and projected numbers of older and returning adult students; this year 20 did so (43%). **Only a plurality indicate they possess sufficient space, which likely means the recession is stressing overall system capacity.** Among the 20 states indicating they do not have capacity are 5 megastates: *California*, *New York*, *North Carolina*, and both of *Georgia's systems (University System and Technical Colleges)*. Many of the other 15 states reporting capacity concerns are those with fast growing Latino populations such as Arizona and Nevada, and states with high unemployment such as Michigan.

4.9 Funding for facilities (new construction and renovation) is a major need.

When asked to respond to the item, “Funding for facilities (new construction and renovation) is a major need in my state, 24 “strongly agree,” 22 “agree,” and 2 “neutral.” **No states “disagree” or “strongly disagree” to the need for additional facilities, and 6 of 10 megastates “strongly agree.”**

4.10 Federal aid for facilities is needed.

When asked to respond to the item, “Federal aid for facilities (new construction and renovation) is needed,” 25 “strongly agree,” 14 “agree,” and 9 “neutral.” **No states “disagree” or “strongly disagree,” and 6 of 9 megastate responses reported are “strongly agree.”**

Monroe County Community College (MI)



“This report could not come at a more crucial time. The findings suggest that President Obama’s plan to invest \$12 billion into community college facility construction and renovation over the next 10 years could not come at a better time. Community colleges are being asked to do more with less, and, in many states, our community colleges are bursting at the seams and in desperate need of funds for new and renovated facilities. If you short-change the community colleges due to inadequate funding as compared to their mission, you are undermining the economic future of our nation.”

--FRANK MENSEL, SENIOR FELLOW,
EDUCATION POLICY CENTER;
THE UNIVERSITY OF ALABAMA
FORMER VICE PRESIDENT OF FEDERAL
RELATIONS, AMERICAN ASSOCIATION
OF COMMUNITY COLLEGES &
ASSOCIATION OF COMMUNITY
COLLEGE TRUSTEES



East Central Mississippi Community College (MS)

CONCLUSIONS



Tulsa Community College (OK)



Miami-Dade College (FL)



Itasca Community College (MN)

With the nation in deep recession, the financing of access by the states for community college students is threatened. Thirty-four of 48 reporting states took mid-year budget cuts in their community college operating budgets in the year just concluding (FY2008-2009), and most project mid-year budget cuts in the year ahead (FY2009-2010). **At a time of all-time record enrollments, state operating budget support for community colleges actually declined last year by 1%.** Community colleges were treated the same as other sectors of public higher education--**all were cut**--and in terms of operating budget and tuition increases, many states provided the exact same figures to all sectors (community colleges, Historically Black Colleges and Universities, regional universities, and flagship universities).

State investment in community college operating budgets is clearly not keeping pace with surging enrollments--which increased by 2.2 million students in 5 years from 2000-2001 to 2005-2006. As the numbers of Americans in the traditional college-going ages of 18 to 24 will jump by more than 3 million over the next four years, and the numbers of young adults ages 25 to 34 will jump by over one million from 2009 to 2012, all sectors of public higher education will be challenged as never before to provide what former American Association of Community Colleges President Dale Parnell called "access with excellence" in the mid-1990s. Tuition continues to rise in most states at more than double the Higher Education Price Index inflation rate, while 30 of 43 states report cuts in their state funding for student aid. In most states, tuition is rising well above the 2.3% HEPI inflation measure.

In response to the steepest decline in state tax revenues in recent memory, the federal government stepped in with the American

Recovery and Relief Act of 2009, which provided billions of dollars of relief to the states, to forestall deep cuts and maintain spending that otherwise might have forced the nation into a period of deeper deflation not seen since the Great Depression. Our survey clearly shows that ARRA funds were used precisely as the federal government intended--to forestall short term cuts in state tax revenues.

By any realistic standard, the "high tuition/high aid" model of state student financial aid for low-income students attending community colleges is not working. It is likely that linkages between state appropriations, state tuition policy, and state student aid funding policy are being overwhelmed by the dire need for revenue to avoid state budget revenue shortfalls to address burgeoning K-12 enrollments and skyrocketing Medicaid cost increases (which have been growing due to the expensive Part D prescription drug program passed by Congress earlier this decade). As a group, state directors are responsible as no others are in their states to coordinate the very institutions that provide postsecondary access to large numbers of first-time, full-time students, students from racial and ethnic minority groups historically underserved, and low-income students. It may be time for state policy makers to consider jettisoning this idea altogether, which may be appropriate for well-endowed private institutions of higher education, but is not appropriate for open-door, open-access institutions such as community colleges.

Again, as two years ago and last year, state directors predict that rural community colleges--the sector of the community college world that has experienced the largest increases in enrollment--over one million students from 2000-2001 to 2005-2006 (Hardy, et al., 2007)--will see the greatest financial

strain, though we note that for the first time, more than half of respondents believe their urban community colleges will face great fiscal strain as well, a clear sign of the severity of the recession. The continuing growth in the percentages of suburban and urban community colleges facing fiscal strain may reflect the fiscal crisis as well as the enrollment challenge that these institutions face as they try to maintain the open door.

Last year we noted that since 1996, community colleges have been specifically mentioned by name in nearly every State of the Union presidential address, usually in friendly, if not glowing terms. In his 2005 review of the long-term funding of community colleges since the Vietnam War, Katsinas notes

Sadly...attention does not translate into hard dollars to finance preservation—much less expansion—of the open door college. For those who see community colleges as critical portals to the baccalaureate, and who are concerned with access to an education that can prepare and retain workers for jobs in the knowledge economy, the current situation is troubling. Structural state budget deficits caused by skyrocketing increases in health care, corrections, and K–12 expenditures threaten community college operating budgets, as do the anti-tax and private benefits movements (Katsinas, 2005, p. 29).

Now, with the nation in the midst of the most severe recession since the 1930s, a review of responses of state directors regarding the impact of the 2003 recession does not bode well for the immediate short term. Last year, we noted “That so many states use higher education tuition increases to ameliorate short-term state budget revenue shortfalls may mean that a round of dramatic tuition increases at rates three to five times above the inflation rate may soon occur.” This is precisely what has happened in most states, sadly. Competing state priorities in a time of scarce resources has heightened concerns about structural deficits in state budgets, and the ARRA Funding, while helpful, raises real concerns about what will

happen if recovery is not sufficiently robust by Fiscal Year 2011, when the ARRA funding runs out.

It is very clear that the high tuition/high aid model of student financial aid does not work well, if at all, for low-income students attending community colleges. That by strong margins they report that state policies for operating budget appropriations, tuition, and student aid (need- and merit-based) are not closely aligned in their states speaks to the abject failure of the high tuition/high aid model. As we noted last year, “The high tuition/high aid model is cracking at the precise time community college access for low-income students is being threatened by higher gas prices. Federal assistance through changes in the regulations for Pell Grants and SEOG, to make commuting and the purchase of internet providers an allowable expense for need-based student aid would help. A change in the federal tax code to allow tax deductions for commuting expenses, an idea proposed by community college expert Robert Pedersen, would help even more” (2008 Survey).

Finally, our study clearly reveals strong support in the states for the Obama administration’s goals for higher education. Substantial majorities agree with making a national goal to restore America’s ranking as #1 in the world again in adult baccalaureate degree attainment. Substantial majorities agree that facilities construction and renovations are needed, and that a federal role is appropriate and helpful. Further, a substantial majority noted that in the immediate short term, stimulus package funds were used precisely as they were intended—to backfill shortfalls in state revenues.



Miami-Dade College (FL)



Tarrant County College,
Southeast Campus (TX)



Tulsa Community College (OK)



Portland
Community
College
(OR)

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APPENDIX A: STATES WITH AND WITHOUT SIGNIFICANT LOCAL SUPPORT FOR TCOMMUNITY 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 Community Colleges (receive less than 10% of all revenues from local government sources)
Arizona	Alabama
<i>California</i>	Alaska
Colorado*	Arkansas
Idaho	Connecticut
<i>Illinois</i>	Delaware
Iowa	<i>Florida</i>
Kansas	<i>Georgia</i>
Maryland*	Hawaii
Michigan	Indiana
Mississippi	Kentucky
Missouri	Louisiana
Montana	Massachusetts
Nebraska	Maine
New Jersey	Minnesota
New Mexico	Nevada
<i>New York</i>	New Hampshire
<i>North Carolina</i>	North Dakota
<i>Ohio*</i>	Rhode Island
Oklahoma*	South Dakota
Oregon	Tennessee
<i>Pennsylvania</i>	Utah
South Carolina	Vermont
<i>Texas</i>	Virginia
Wisconsin	Washington
Wyoming	West Virginia
<i>Note.</i> Adapted from Palmer (2008b). Megastates are marked with <i>italics and bold</i> ^a Some colleges receive no local tax support.	

APPENDIX B: ARRA ITEM NOTES (YEAR JUST ENDED)

The second item of Table 4 on page 15 above, asked respondents the following question:

“ In my state, federal stimulus funds (ARRA) backfilled shortfalls in revenues...SA A N D SD

If SA/A, were base budgets cut, and then these one-time ARRA funds were used to fill the cuts? ____Yes ____No

If yes, what percentage were base budgets rolled back?____%

Below are the responses to those who marked strongly agree or agree to item five, and then responded to the second related query, as well as any additional comments to this item that the respondents offered:

Alabama: Yes, by 3.6%.

Arizona: Yes, for Fiscal Year 2009, 100% of community college cuts will be restored by ARRA funds.

Connecticut: Yes, by 5 to 7%...funds were used for K-12 and not higher education.

California: Yes, by approximately 19.5%.

Florida: Yes, by 8.3%.

Georgia (Technical College System): Yes, by 14%.

Hawaii: Yes, by 5.5%.

Idaho: Yes, by 6%.

Illinois: Yes (no percentage furnished).

Indiana: Yes (no percentage furnished).

Iowa: Yes, by 8%.

Kansas: No...In some parts of the state budget, ARRA funds were used to backfill. For higher education, the ARRA/SFSF/ESF, the Governor allocated \$49.6 million (of which \$7.5 million was allocated to community colleges) over FY2009 and FY2010. Of the \$7.5 million, approximately \$1.5 million is required to be expended on one-time deferred maintenance projects and the balance may be expended in accordance with the provisions of the ARRA including mitigating the impact of resident tuition increases by backfilling operating budgets. The Governor did not allocate all of the ARRA/SFSF/ESF in FY2009 and FY2010; we anticipate approximately \$6 million will be available for community colleges in FY2011. Hopefully, state revenues will have recovered adequately by FY2012 to replace ARRA/SFSF/ESF.

Kentucky: ARRA funds were not used in 2008-2009.

Louisiana: Yes, by 22.5%.

Massachusetts: Yes (percentage not furnished),

Michigan: Yes (percentage not furnished).

Maine: No.

Minnesota: Yes, by 10%.

Mississippi: Yes, by 1%.

Montana: Yes, by 2%.

North Carolina: Yes (percentage not furnished).

Nebraska: No.

New Hampshire: No.

New Jersey: Yes, by 5%.

New Mexico: Yes (percentage not furnished)

Nevada: Yes, by 20%.

Ohio: Not applicable, no ARRA funds were used for general higher education purposes in FY2008-2009.

Oregon: Yes (percentage not furnished).

Tennessee: Yes, by 13.7%.

Utah: Yes, by 11.5%.

Virginia: Yes, by 5%

Washington: Yes, by 10%

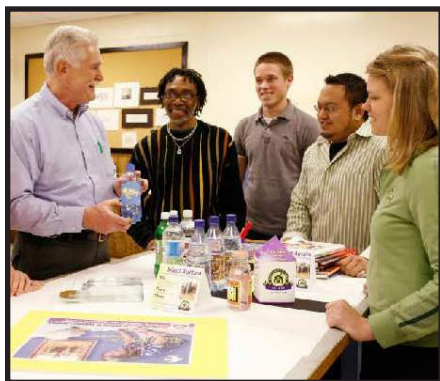
Wisconsin: Yes (percentage not furnished)

West Virginia: Yes, by 3%.

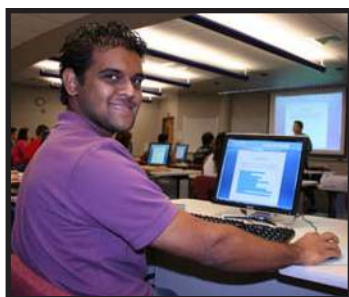


Howard College (TX)

APPENDIX C: NOTES FROM THE FIELD ON THE GENERAL BUDGET SITUATION (JULY 1-AUGUST 12, 2009)



Gateway Community and
Technical College (KY)



Tulsa Community College (OK)



Itasca Community College (MN)

Item 13 asked respondents to “Please offer your comments on the general budget situation in your state for 2009-2010.” Here are the comments from the state directors who replied.

AR—All new funding is coming from budget reserves (one-time money). What about FY2011?

AZ—although legislature passed appropriations bills to keep state government and the schools operating as of July 1, 2009, there remains a deficit of over \$3 billion (out of a \$10 billion budget) for the current 2009-2010 fiscal year that has not been addressed. The legislature is currently in special session to determine what combination of further cuts, revenue enhancements (perhaps a sales tax issue sent to the November ballot), or other measures will be used to close the \$3 billion gap.

CA—The budget was just signed by the governor on the day this form was completed, so we have not had the opportunity to digest all the details. However, we have been closely following the community college aspect of the budget throughout the budget process, so we can comment on community college funding with confidence, but not on specific funding details for K-12 or other state colleges and universities. All areas of the state budget were subject to significant cuts.

CT—State is projecting a \$4 billion deficit on a \$16.4 billion base. Stabilization funds will be used for K-12, higher education will be locked into FY2009 funding levels for FY2010 plus FY2011. Retirement incentive savings will be available to be applied to projected increases in operating costs. Legislature plus governor disagree on budget reductions and tax increases. Government operating on executive order for July 2009.

CO—The governor’s office is requesting an ARRA waiver from the federal government that would allow the state to cut higher education below its 1005-06 funding levels for FY2010 and beyond. As a result, if this waiver is approved, all of higher education will face further cuts in FY2010 and FY2011.

DE—Overall revenue structure experienced large shortfalls, given loss of 2 automotive facilities—GM plus Chrysler, plus reliance upon financial services industry. State undergoing review of current revenue streams and expenditure responsibility at state level.

FL—For the third year in a row, the FY2009-2010 budget year will be a combination of strong enrollment increases, reduced college operating budgets, and significant tuition increases. The state does not have the revenue to fund these 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 2010 fiscal year. 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 (TCSG)—Further cuts are pending.

HI—Severe downturn in state economic conditions continue to negatively impact state funded departments and programs.

IA—The ARRA funds will allow the state to stay on an even footing for 2009-2010. The true concern is with FY2011.

IL—Revenues are down, plus the state borrowed \$3.4 billion from pension fund to pass a budget that is \$7 billion less in FY2010 than in FY2009. A tax increase did not pass the General Assembly.

KS—We are carefully monitoring state revenues. Because of the revenue shortfalls in May and June 2009, the Governor imposed a 2% allotment shortly after the beginning of the start of the new fiscal year, bringing SGF support for the Higher Education System to \$7534 million or 12% (\$100 million) below the original FY2009 appropriation.

MI—The reduced revenues are affecting all budgets, along with the increased costs of unemployment insurance, health provisions, and corrections. The delayed expenditures from the two previous years continues to be a concern for on-going operations. It is not an expenditure issue, it’s a revenue issue.

MN—The ARRA stimulus funds helped with one-time costs to bridge the system down to a lower funding level anticipated in FY2012. The state is currently projecting a deficit of \$4.5 billion before inflation for the 2012-2013 fiscal biennium.

MO-- Collections are very poor and now showing any signs of improving at this point. The FY 2010 budget is balanced, primarily using federal budget stabilization dollars. There is an urgent need to begin immediately to either reduce current spending trends or increase revenue. There is little ability to raise revenue, and even less will to do so.

OH—Due to increased state support and campus efficiencies, increases in tuition for in-state undergraduates for the four year period from FY2008 to FY2011 will be the lowest in recorded history. Tuition was frozen in FY2008 and FY2009 at FY2007 levels, and as reported above, only modest increases are expected in FY2010 and FY2011.

NC—Colleges will be operating in a period of peak enrollment demand with fewer resources. Given the fact that NC’s unemployment rate is 7th highest in the country, it is not likely that the revenue picture will

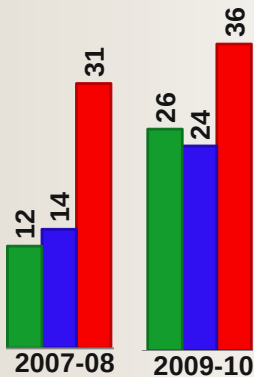
APPENDIX C

Which type of community college in your state will face the greatest fiscal strain next year?

■ Urban

■ Suburban

■ Rural



White Mountains Community College (NH)



Richland College, Dallas County Community College District (TX)

improve much, and as such, additional mid-year budget reductions are a real possibility, and additional permanent reductions are possible in the 2010-2011 fiscal year.

ND—North Dakota is among the few states that are fortunate to have a growing economy. The 2009-2011 state budget (General Revenue Funds) is \$3.25 billion, compared with \$2.46 billion for 2007-2009.

NJ—Short term: Legislative staff report yesterday projected FY2010 structural deficit could reach \$8 billion. Long term: Unfunded retirement and post-retirement health insurance liabilities (plus bonded debt) are the real issues down the road.

NV—a large shortfall is expected.

OK—Does not expect state revenues to meet budget needs in FY2010.

OR—State legislature passed tax increases and the governor signed them into law this month (July 2009), but because of anti-tax sentiment, the citizen initiative process will likely mean a ballot initiative will be launched to overturn the tax increases, and we will face approximately a \$700 million shortfall early next year.

UT: State revenue projections are currently on target. Therefore it appears that additional cuts will not be necessary for FY2011.

WA—Washington State is very dependent on consumer spending to support its state budget. Our two largest tax sources are a Retail Sales Tax and a Business and Occupation Tax (we tax gross sale, not profit). The consumer is expected to “return” but so far their behavior has lagged behind expectations. We expect the Washington State recession to bottom out in the third or fourth quarters with peak unemployment exceeding 10% by the end of the calendar year. This will keep a lid on state revenues, so we expect another tough legislative session this winter (January- March). Further cuts for state government (including the community and technical colleges) are expected.

WV—FY 2010—3% reduction (backfilled with stimulus funds). In FY2011, we project a 5% reduction (backfilled with stimulus funds).

WY—Due in large part to the decline in the price of extractive minerals, Wyoming’s revenue has declined significantly in comparison to immediate prior years. The governor instituted a 10% budget cut for FY2010. Wyoming employs a biennial budget process, and these cuts were implemented mid-way through the biennium.

APPENDIX D: NOTES TO TABLES IN PARTS I-IV

Table 1a

- (1) percentages may not equal 100% due to rounding.
- (2) A blank cell (—) indicates either no response or a “don’t know” response.
- (3) New York’s response was cuts of between 8 and 10% at its regional universities and its flagship universities; for the purposes of this survey it was averaged to 9% here.
- (4) Ohio used its ARRA funds to hold other units of state government stable, and maintained its core support for higher education which remained unchanged. There were minor cuts to a variety of special categorical programs for public higher education sectors including -0.9% for community and technical colleges, -1.99% for HBCUs, -0.85 for regional universities, and -0.33% for flagship universities.

Table 2a

- (1) In Alaska, declining oil revenue due to oil market volatility. Oil revenues make up 90% of state revenue.
- (2) In Arizona, voter protected programs that effectively cannot be cut thus pressuring other areas.
- (3) In Illinois and Rhode Island, pensions are a major issue.
- (4) In Michigan, health care costs have increased for each sector; first year local tax millage dollars are less
- (5) In Rhode Island, reliance on onetime monies is an issue

Table 3

- (1) *GA-USG—Yes if you exclude the reduction to the base;
- (2) MI—held the increases due to same as prior year due to ARRA requirements;
- (3) LA—Yes, according to board of regents (it did not fund technical colleges;
- (4) OH—Did fully fund the formula, but made cuts in categorical programs

Table 4

First Item: In Kentucky and Ohio, ARRA funds were not used for higher education in 2008-2009.

Second Item: In Ohio and Kentucky, this was not applicable; no ARRA funds were used for general higher education purposes in FY2008-2009.

Third Item: In Ohio, sufficient state fiscal stabilization funds are provided in FY2011 to support the base community college budget.

Tables 5 and 5a (same notes append to both tables)

- (1) Responses have been rounded to tenths for consistency.
- (2) Percentages may not equal 100% due to rounding.
- (3) A blank cell (—) indicates either no response or a “don’t know” response.
- (4) In Arkansas, decisions on the deployment of ARRA funds have yet to be made.
- (5) Arizona provided an estimate, as legislative action still ongoing;
- (6) Connecticut has yet to adopt a FY2010 budget at the time of the survey; budgets are projected at FY2009 levels.
- (7) In Hawai’i, budgets are projected to be cut.

APPENDIX D

Tables 5 and 5a Notes Continued

- (8) Minnesota's figure incorporates state appropriations and ARRA funding.
- (9) In Ohio, the 1% reduction to the HBCUs is a result of a change in subsidy distributions between FY2009 and FY2010. All universities received a uniform 10% increase in FY2009, regardless of changes in enrollments or performance. In FY2010, the formula changed to one based upon performance; and this had the effect of recalibrating and reallocating campus earnings.

Table 6a

- (1) Responses have been rounded to tenths for consistency.
- (2) A blank cell (—) indicates either no response or a “don't know” response.
- (3) In Massachusetts, fees are set separately, have gone up at some/most campuses by at least 5% for FY2010.
- (4) The rates listed above for Ohio are the maximum possible that tuition can be raised; the actual annualized increases will probably be lower than the 3.5% figure that was approved. Data reported above pertain to in-state graduates only. Many campuses have indicated that they do not plan to increase fees in the fall of 2009. Complete data on all institutions will not be available until September 2009.
- (5) At Oregon's flagship and regional universities, tuition increased between 7 and 9%, and was averaged to 8% here.

Table 7a

- (1) A blank cell (—) indicates either no response or a “don't know” response.
- (2) Data for Wisconsin are for the Wisconsin Technical College System institutions only.
- (3) Maryland indicated that state student aid was increased 0.1%; here this was rounded to 0%.
- (4) Ohio indicated that its chancellor plans to develop a new performance and need-based program this biennium for student aid, working with campuses to raise their donations for the program to help offset some of the loss of state aid.

Table 8a

- (1) +, =, and – denote that functions will strengthen, remain the same, or weaken, respectively.
- (2) Percentages may not equal 100% due to rounding.
- (3) A blank cell (—) indicates either no response or a “don't know” response.
- (3) Michigan notes that maintenance was postponed and vacant positions frozen.
- (4) Montana noted that K-12/community college collaborations were strengthened.
- (5) North Carolina noted that Allied Health was strengthened.

Table 9

- (1). A blank cell (—) indicates either no response or a “don't know” response.
- (2). In Arizona, the maintenance of effort requirements for higher education ARRA funds limit the extent of significant further cuts.
- (3) In Kansas, with the reductions to date, we are very near the FY2006 level of state funds per

APPENDIX D: NOTES TO TABLES IN PARTS I-IV

the MOE requirements of ARRA/SFSF. It all depends on state revenues and whether the Governor would request a waiver from the federal MOE requirement of ARRA/SFSF/ESF.

Table 10

- (1) Of the 33 responses who indicated “Yes,” that the existence of a structural deficit in their state’s budget process that in the long-term will specifically hurt community colleges, 23 indicated on Table 2 (above) that Medicaid was a key budget driver in their state’s budgeting process.
- (2) In Arizona, voter protected programs further limit the funds available to the legislature to cut, thus making higher education even more vulnerable.

Table 11a

- (1) SA = strongly agree; A = agree; N = neutral; D = disagree; SD = strongly disagree.
- (2) A blank cell (—) indicates either no response or a “don’t know” response. Percentages may not add to 100% due to rounding.
- (3) In Indiana, there is a single system for the entire state, so “neutral” was entered for each possible response.
- (4) In Michigan, the colleges facing the greatest strain are those community colleges with greatest reliance on state funds for operating budgets and those with greatest decreases in property values (which equals decreased revenue from local property taxes).
- (5) In Washington State it’s not really about the location of colleges as much as it is about program mix. With rising tuition, our traditional transfer colleges are in much better shape than those institutions who have high-cost professional/technical programs. And 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 charges on courses in those programs.

Table 12

- (1) For Ohio on Items 15-20, in all cases, the answers pertain only to the use of state fiscal stabilization funds and not all ARRA funds. At this time we do not know how most of the non SFSF funds will be used.
- (2) For Wyoming on Items 15-20--Wyoming community colleges have not received ARRA funds and are not anticipating any until FY2011.

Mohawk
Valley
Community
College
(NY)

