

Community College Funding

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Financing Community Colleges

Where We Are → Where We're Going

Richard M. Romano and James C. Palmer

Rowman & Littlefield (2016)

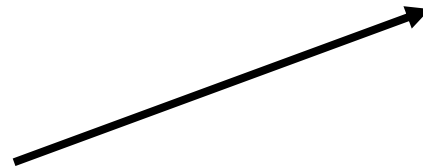
The “Disturbing Imbalance”

“Modern universities are developing a **disturbing imbalance** with their environments. They face an **overload of demands** and are equipped with an **undersupply of response capabilities**, beginning with **badly constrained financing.**”

Burton R. Clark, 2000

Limited capacity to generate alternative revenues (grants & contracts, fundraising, and auxiliary enterprises)

Premium placed on low tuition



**Relatively high
vulnerability to declines
in state funding**

Percent Changes in Revenues per Full-Time-Equivalent (FTE) Student and Cost per Completion at Public Institutions by Sector, Fiscal Year 2002-03 – Fiscal Year 2012-13 (in 2013 \$)

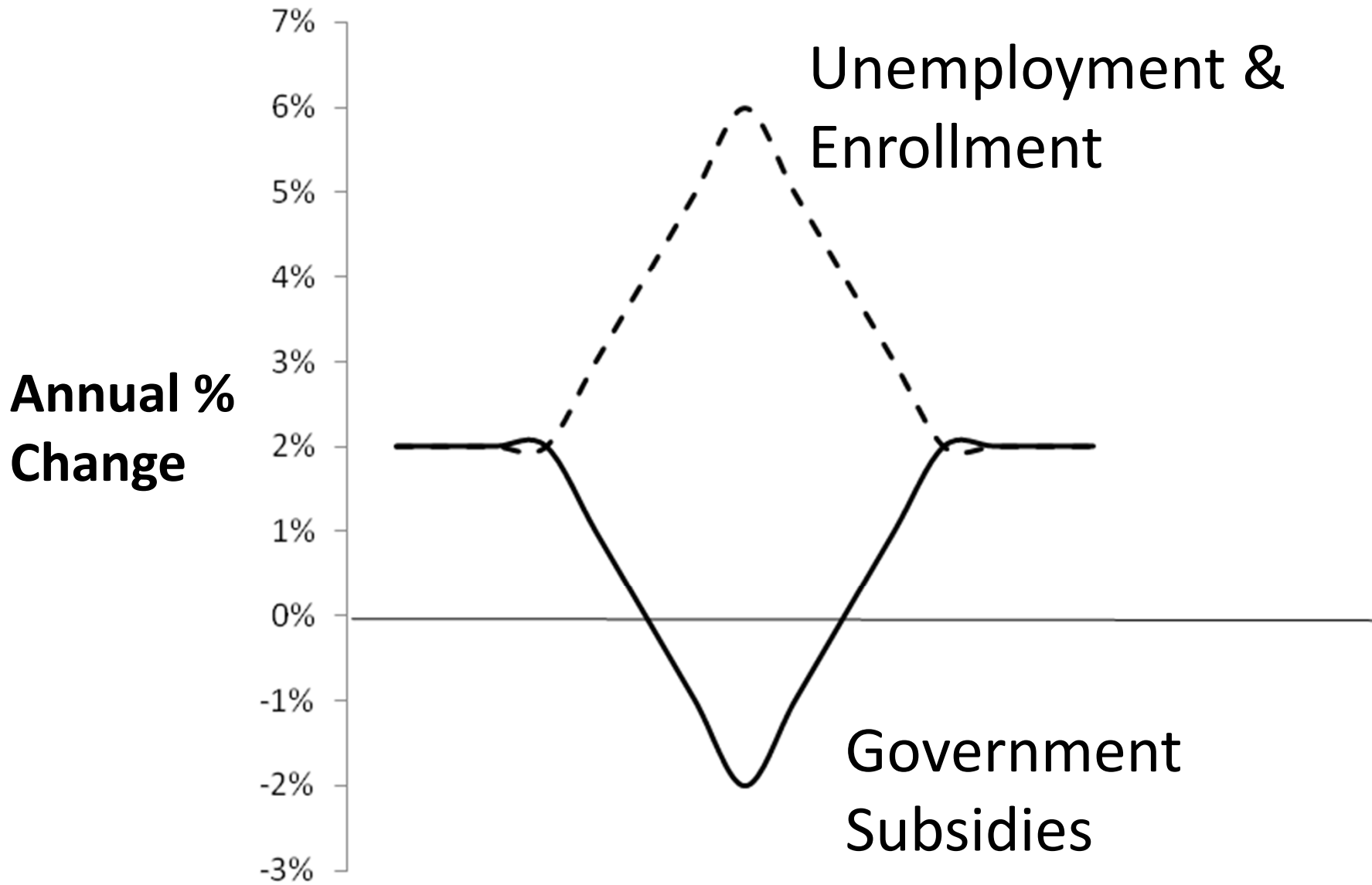
	% Change, 2003-2013			
Revenue source	Public research institutions	Public master's institutions	Public bachelor's institutions	Community colleges
Net tuition	59.3%	51.8%	52.1%	39.0%
State and local appropriations	-27.9%	-24.6%	-15.7%	-9.0%
Other	17.3%	8.8%	-2.5%	-9.3%
Total operating revenue	11.8%	6.2%	2.6%	0.7%
Cost per completion	-1.1%	-3.3%	-6.1%	-22.2%

Source: Adapted from Delta Cost Project (2016), *Trends in College Spending, 2003-2013*

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Blind Spots of Performance-Based Funding

- Persistence
- Retention
- Completion
- Testing the waters
- Regrouping after leaving the university
- Taking selected courses to learn job skills

Expanded Student Support Services

Creating Social Relationships	Clarifying Aspirations and Enhancing Commitment
Developing College Know-How	Making College-Life Feasible

Adapted from Community College Research Center (2013)

Recommendations

- Free tuition may not be the best way to aid students. Instead, target aid to those who need it
- Follow a high-tuition, high-aid policy, with institutional freedom to carry over monies from one year to the next. Worry more about increasing need-based aid than providing low tuition for all.
- Limit performance-based funding to 25% of state appropriations to colleges.

References

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