IDEA BRIEF

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Build Community College Capacity

By Ryan McConaghy and Anne Kim

Rising unemployment has led to surging enrollment at America's community colleges as workers seek to re-trench and retrain. But severely strained state budgets have made it tough for community colleges to keep up with this sudden increase in demand. Many community colleges are capping enrollments and as many as 500,000 prospective students may be turned away this year. A federal "capacity development fund" can provide emergency grant funding for community colleges in states with high jobless rates. These grants could ease the burden on these schools while enabling more Americans to get the skills they need to seek new opportunities.

THE PROBLEM

Community colleges face exploding enrollments and imploding budgets

Thanks to their affordability and accessibility, America's community colleges are a significant and growing component of America's higher education system. The 11.7 million students enrolled nationwide at the country's 1,177 community colleges include 44% of American undergraduates[1] as well as millions of returning and mid-career students seeking to refresh or boost their skills.

Community colleges are, however, under increasing pressure. Rising unemployment rates have led to a tidal wave in community college enrollments that many schools are ill-equipped to handle, given limited resources.[2]

Tough economic times are causing community college enrollments to swell.

Since the beginning of the recession, more than 7 million people have lost their jobs and the unemployment rate has nearly doubled to 9.5%.[3] Many of these newly unemployed are moving from the office or factory to the community college classroom to upgrade their skills and get back into the job market.[4] As a result, community colleges are reporting significant increases in enrollment. 92% of college presidents and district chancellors are reporting enrollment spikes at their schools, and 71% are seeing increases of more than 5%.[5] According to the American Association of Community Colleges, to date 2009 calendar year enrollment is already 10% above 2008 levels.[6]

Community colleges—already underfunded—are tightening their belts still more.

As part of efforts to address budget shortfalls, 32 states have made cuts to public college and university budgets or raised tuition.[7] One survey of community college officials found that 57% reported budget cuts and 61% reported mid-year rescissions in funding.[8]

In addition, federal funding for community colleges is relatively limited. Federal money makes up only15% of public two-year college revenues,[9] and community colleges get only one-third as much direct federal support as four-year schools.[10] Community colleges generally receive little, if any, federal money for operations. Rather, the federal money they receive comes through student-aid programs such as Pell Grants[11] or through job training programs such as the Perkins Act Career and Technical Education Program[12] or Community Based Job Training Grants.[13] While these funds provide critical support for community college functions, they do not directly address the emerging, broad growth in demand.

Community colleges are taking crisis measures to cope.

The American Association of Community Colleges estimates that as many as 500,000 students may be turned away from community colleges this year.[14] America's largest community college, Miami Dade College, recently announced an enrollment cap for the first time in its history, resulting in 5,000 students being denied entry. The California community college system has signaled that it may have to keep as many as 200,000 students from enrolling this year.[15]

Community colleges are also curtailing expenses. For example, 38% of respondents in a survey of community colleges have instituted general hiring freezes, 53% are not hiring more academic advisors, and 54% say they will not increase the number of career counselors to serve vocational and occupational students.[16]

THE SOLUTION

A $500 million Community College Capacity Development Fund

Third Way proposes a new, $500 million federal Community College Capacity Development Fund to help community colleges bridge the capacity gap and meet increasing demand.

This fund could be structured as a modified version of the concept embodied in North Carolina's Enrollment Growth Reserve Fund[17] and would provide additional resources to state governments that would then be distributed by the states to individual community colleges experiencing significant growth.

- Financial assistance from the fund would be released to states by the Department of Labor on a formula basis.
- Funds would be disbursed to states in proportion to the degree to which their unemployment rates exceed the national average and any increase in statewide unemployment over the previous 12 months.[18]
- States would then distribute the funds to community colleges that exceed a growth threshold of 5% over the previous academic year.

The fund would initially be authorized at $500 million per year over five years, with an allowance for any unexpended balance to be carried over into the next fiscal year. In the event that qualifying demands exceed available funding in a given year, funds would be awarded on a pro-rated basis. Eligible uses of funds could include infrastructure construction and maintenance, enhancement of distance learning capabilities, growth-related faculty and staff expenses, and augmented student services. Financial assistance from the Community College Capacity Development Fund would be in addition to, rather in lieu of, other means of federal support for community colleges.

More resources to cope with more students.

This fund would direct resources specifically to high-need institutions in areas with higher than average unemployment rates. This targeted approach would maximize the impact of taxpayer dollars in places where they're most needed. This funding would allow community colleges to cope with staffing shortages and upgrade infrastructure so that students are not turned away. Community colleges were already facing an infrastructure gap that may be as large as $100 billion nationwide.[19] Many schools have reported deferring maintenance, leading to delays in needed improvements to facilities like science labs, classroom space, and computer labs.[20]

A worthwhile investment in American workers.

This fund would help ensure that community colleges meet their vital role in supplying the workforce with skilled workers.

In addition to preparing a large number of students for transition to four-year schools and awarding associate degrees and certificates on an annual basis, community colleges certify and educate nearly 80% of first responders and 50% of nurses and healthcare workers.[21] As the Government Accountability Office has concluded, the emphasis that community colleges place on accessibility, affordability, and workforce development make them an important part of our nation's effort to successfully adapt to changing economic circumstances.[22] They also specialize in training workers for middle-skill jobs and advanced manufacturing skills that are critical to economic productivity and growth.[23]

A worthwhile investment in community colleges.

As four-year tuitions continue to rise, community colleges will become more attractive to growing numbers of students. The average public two-year college tuition for 2008-2009 totaled $2,402, compared to a cost of $6585 for in-state attendance at a public four-year school.[24] At a time when students and parents are searching for bargains wherever they can be found, including higher education, it is not surprising that schools like Cuyahoga Community College in Cleveland, which recently had an 11% increase in reverse transfers,[25] are seeing large numbers of students move away from four-year schools and toward community colleges.

However, community colleges receive much less funding than their four-year counterparts, with the gap having grown in recent years.[26] State funding provides 38% of community college resources and accounts for the single largest source of funding.[27] But it is stretched thin across competing priorities. From 2003 to 2008, growth in state investment in higher education was 1.5% less than growth in other public service programs such as Medicaid, transportation, and others.[28]

Complements new funding for community colleges in the recovery package.

The American Recovery and Reinvestment Act included over $48 billion in funding through the State Fiscal Stabilization fund to support a broad array of educational activities at the K-16 level.[29] While community colleges will be eligible recipients of these funds, two-year schools will be competing against a broad array of state interests for these funds. Early signs indicate that K-12 programs will receive over 80% of funding, leaving just fewer than 20% to be divided among competing public colleges (including community colleges) and universities.[30] Despite the infusions of program and stabilization funding, a significant need for increased federal capacity building assistance remains.

THE ROLLOUT

Ideas for launching and publicizing a community college capacity development fund

- Hold a press event at a local community college with students and faculty to highlight the benefits of community college programs and the need for additional resources.
- Hold a press event at with a local business that relies on community college graduates to meet workforce needs.

CRITIQUES & RESPONSES

Community college capacity development fund

Isn't this too expensive?

No. Even if funded at fully authorized levels, the Federal Community College Capacity Development Fund would be a responsible investment to meet an urgent need. Making sure that workers who have lost their jobs in this recession have access to retraining and the ability to improve their odds of finding a new, better opportunity will be critical to reversing our economic decline.

Don't other federal higher education programs already address community college needs?

Community colleges have access to other federal revenue streams, but the bulk of federal money goes to four-year schools, and current programs are not tailored to meet the particular needs created by skyrocketing enrollment growth. In its call for a comprehensive community college agenda, the College Board recognized this and called for new legislation to provide infrastructure and service funding to two-year schools.[31]

Is this unfair to states that are not facing heavy job loss? Isn't it only beneficial to a few states?

From May 2008 to January 2009, every state in the union experienced a growth in its unemployment rate.[32] While every state is facing increased economic pressures, some have experienced much bigger jumps in unemployment than others. This program would provide supplemental support with a focus on states and schools with most growth and most need.

Why should the federal government establish a new spending program after the recently passed stimulus bill just sent billions of dollars to state governments to address these issues?

The stimulus provided critical support to states for a wide variety of fiscal needs, including higher education. However, these funds were a one-shot infusion of cash and will be spread out among various components of the K-16 system. Two-year schools often lag behind four-year schools where federal higher education dollars are concerned. While the stimulus will surely help these schools, they need and deserve longer-term, dedicated assistance.

Isn't the pot of money too small to make a real difference?

This program is not intended to finance the entire community college system or completely rectify the disparities in federal financial support. It is specifically structured to provide support in addition to current programs to help community colleges deal with a tidal wave of enrollment. However, with direct federal support for community colleges totaling $2 billion per year,[33] an infusion of up to $500 million could have a significant impact on the ability of community colleges to help displaced workers find the opportunity they need to enhance their skills and reenter the job market.

Won't the Community College Capacity Development Fund create a funding stream that's duplicative of the American Graduation Initiative?

No. The American Graduation Initiative is a broad, important proposal that will result in long-term benefits for students and the economy as a whole by making fundamental investments in our community college system through competitive grants and other means.[34] The Community College Capacity Development Fund is an additional, complementary resource that is specifically designed to address the problem of unemployment-based growth in community college enrollment by awarding funds based on enrollment growth, and making funds available for faculty, staffing, student counseling needs and infrastructure maintenance, in addition to infrastructure construction.

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ABOUT THIRD WAY

Third Way is the leading think tank of the moderate wing of the progressive movement. We work with elected officials, candidates, and advocates to develop and advance the next generation of moderate policy ideas.

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ENDNOTES

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11 The Federal Pell Grant Program awards financial assistance in the form of grants, which do not need to be repaid, to assist students in paying for postsecondary education. The amount of the grant provided to each student is determined by student income, cost of attendance, and other factors. Detailed information on the program is available at http://www.ed.gov/programs/fpg/index.html.

12 These programs provide funds to support career and technical skills development for students in secondary and postsecondary programs. Funds are provided to states, which then award subgrants to eligible operators of vocational and technical education programs. Detailed information about the programs is available at http://www.ed.gov/programs/ctesbg/index.html.

13 The Community Based Job Training Grants Program is designed to enhance the ability of community colleges to provide workers with training relevant to local high growth industries. Grants are awarded to community colleges on a competitive basis. Detailed program information is available at http://www.doleta.gov/Business/Community-BasedJobTrainingGrants.cfm.

14 Miller et al.

15 Strauss.

16 League for Innovation.

17 North Carolina's Enrollment Growth Reserve Fund is financed through appropriations by the General Assembly, and is allocated to schools experiencing annual enrollment growth in excess of 5%. Fall census data is used to establish a baseline population, which is then compared to existing budget estimates to determine the rate of growth. For schools exceeding 5% growth, the number increase in the student population is multiplied by an estimated cost per student to determine growth based financial needs for each school. Qualifying schools then received pro-rated funds from the Enrollment Growth Reserve Fund subject to appropriation. Due to the use of the fall census data to calculate growth, a one-year lag separates growth from disbursement. North Carolina State Board of Community Colleges, Enrollment Reserve Fund Allocation-2008-2009, Attachment FC-12, November 21, 2008. Third Way conversation with the North Carolina Community College System.

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28 Goldrick-Rab et al.

29 Funds under the State Fiscal Stabilization Fund will be awarded to states on a formula basis. Of the funds awarded, 81.8% must be used to support public education and early education programs, while the remaining 18.2% must be used for education, public safety, and other government services. Detailed program information is available at http://www.ed.gov/policy/gen/leg/recovery/factsheet/stabilization-fund.html.

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