This paper examines individually and comparatively the philosophical and legal bases and the funding patterns of the community college systems of Illinois and Tennessee. The Illinois community college system represents a locally controlled, state coordinated, shared funding approach while the Tennessee system represents a state controlled, governed, and financed system. The differences between these approaches stem in part from the historical, philosophical and legal elements characteristic of each system. Illinois has had a long history of community colleges as evidenced by its having the oldest extant community college in the nation, while, on the other hand, public community colleges in Tennessee are less than twelve years old. Overall, Tennessee lacks the educational and philosophical maturity which characterizes the Illinois system. The sources of revenue and expenditures of each community college system are analyzed in the paper and an example of the financing of one community college in each state is provided. Tabular data relating to finances in the two systems are included. Bibliographies for each state are included. (JDS)
STATE COMMUNITY COLLEGE SYSTEMS IN ILLINOIS AND TENNESSEE: HISTORICAL, PHILOSOPHICAL, LEGAL AND FINANCIAL ELEMENTS

by

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Introduction

The purpose of this project report is to investigate and compare the funding patterns of the community college systems in Illinois and Tennessee. It would be inappropriate to exclusively deal with the financial aspects of these systems without first explaining the philosophical and legal bases for each state's community college system.

Therefore, the format of this paper will be to present first the legal, philosophical and historical aspects of the community college system in each state. Secondly, the current scope of operation found in each state will be discussed. Thirdly, the sources of revenue and expenditures of each community college system will be explored and an example of the financing of one community college in each state will be given.

A brief comparative analysis of the two state systems' funding patterns will conclude this study.

A note of caution must be inserted at this point. The author is dependent on the individual state for information regarding community college financing. Requests for funding statistics for fiscal year 1974-75 were difficult to gather and thus comparisons in some cases will be made using different fiscal years. This is an unfortunate situation; however, the researcher believes it to be of minor importance.
ILLINOIS COMMUNITY COLLEGES

Historical, philosophical and legal bases

Community colleges are not a recent innovation in Illinois. Joilet Junior College was established in 1901 and is presently the oldest extant community college in the nation. However, the community colleges were not organized into a statewide system until the General Assembly enacted the Public Community College Act on July 15, 1965. This act provided for the "establishment, operation and maintenance of public community colleges" in the state (Illinois Revised Statutes, Chapter 122).

This enabling legislation defined the goals and objectives of the Illinois community colleges by stating in Article Two, section E:

Comprehensive Community Colleges Program: A program offered by a community college which includes (1) courses offered in liberal arts and sciences and general education; (2) adult education courses; and (3) courses in occupational semi-technical or technical fields leading directly to employment. At least 15% of all courses taught must be in fields leading directly to employment, one-half of which courses to be in fields other than business education.

Thus the law assumed the traditional philosophical community college approach to education -- transfer, technical/occupational and adult and continuing education.

The Act also authorized the formation of community college districts in the state. The criteria for establishing the districts was such that each district should have "a population of not less than 30,000 inhabitants... and an assessed property valuation of not less than $75 million which districts levy at tax for community college purposes." Amendments to the 1965 law increased these criteria to 60,000 inhabitants and $150 million property valuation.

The creation of the college districts also set the parameters of
governance by establishing a locally elected lay board of trustees responsible for the operations of the college.

The Public Community College Act also provided for a state coordinating body called the Illinois Community College Board (ICCB). This board, composed of ten appointed members each serving six years, was authorized to perform the following duties:

1. to provide statewide planning and to coordinate the programs, services and activities of all community colleges in the state.
2. to conduct feasibility studies.
3. to conduct continuing studies of various aspects of the community colleges.
4. to enter into contracts with other governmental agencies including the acceptance of federal funds.
5. to determine efficient and adequate standards for the college's physical plant, teaching, curriculum, administration and to grant recognition certificates to colleges meeting the standards.
6. to determine standards for establishing new institutions and
7. to approve or disapprove new units of instruction, research or public service.

However, the ICCB is not the only state agency with which the individual community colleges deal. The Illinois Board of Higher Education (IBHE), created in 1961, was authorized to coordinate all higher education in the state. This board composed of 10 gubernatorial appointees plus the chairman of the five governing boards and the superintendent of public instruction, is authorized to create a state Master Plan for higher education. Three such master plans have been developed outlining the goals, objectives and future needs of Illinois public higher education. A fourth master plan is being formulated at the present.

The IBHE is the agency that is responsible for making recommendations to the governor and general assembly regarding all matters of Illinois higher education. Included in these recommendations are those which deal with budget requests for operating and capital outlay revenues for each institution.

Thus Illinois community colleges are controlled and coordinated by several state organizations. (See Figure One.)
FIGURE 1

Organization of Public Higher Education Systems in Illinois

ILLINOIS BOARD OF HIGHER EDUCATION (IBHE)

Board of Regents
- Ill. State U.
- Northern Ill. U.
- Sangamon St. U.

Board of Trustees of Southern Illinois University
- S.I.U. at Carbondale
- S.I.U. Medical School
- S.I.U. at Edwardsville

Illinois Community College Board (ICCB)
- 38 public community college districts
- 47 public community college campuses

Board of Governors
- Chicago State
- Eastern Ill. U.
- Northern Ill. State Univ.
- Western Ill. U.
- Governor's State University

Board of Trustees of University of Illinois
- U of Illinois Champaign/Urbana
- U. of Illinois Circle Campus
- U. of Illinois Medical Campus

Legend: ---------Coordinating functions
___________Governing functions
Scope of operations

The current scope of operations in the Illinois community college system is relatively large. The system is composed of 38 public community college districts including the State Community College of East St. Louis (a full state supported community college). Under the law, all counties of the state were to join an existing community college district or to form their own and presently, all counties belong to one of the 38 community college districts.

Within the districts there exists forty-seven public community college campuses including the East St. Louis facility. These campuses served some 267,156 persons in fiscal year 1974 (head count).

In 1971, the system began serving over 50% of all students enrolled in the states' public higher education facilities. Many of these persons are attending the community college on a part-time basis. As of 1974, seventy percent (188,362 head count) of the community college enrollments were part-time students. (See Table One)

TABLE 1

Degree or Certificate Credit Enrollments in Illinois Public Community Colleges, Fall Term, 1970-1974 (Total on and off Campus)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>157,184</td>
<td>175,859</td>
<td>185,328</td>
<td>224,952</td>
<td>267,156</td>
</tr>
<tr>
<td>FTE</td>
<td>94,617</td>
<td>106,279</td>
<td>108,637</td>
<td>114,156</td>
<td>125,967</td>
</tr>
</tbody>
</table>


Financing the Illinois community colleges

Lombardi (1973) suggests that state community college funding patterns fall within three categories: 1) no state support, 2) full state support
minus tuition and/or federal funds, and 1) shared state funding with local
support. Illinois public community colleges fall under the latter classification.

A variety of sources of revenue exist for the support of Illinois
community colleges. The three major sources include (1) state apportionment,
(2) local taxes, and (3) student tuition and fees.

I. State apportionment

State apportionment includes flat rate grants, equalization grants,
non-business occupational-technical grants, special funds for serving
disadvantaged students and public service grants among others.

Flat rate grants are available through the ICCB for all approved
courses in the baccalaureate-oriented programs, occupational-oriented programs
and general studies or adult education programs. Initially, this rate was
fixed at $11.50 per student semester credit hour, (1966-1969).

In fiscal year 1970 this rate was increased to $15.50 per student
credit hour. In subsequent years the rate has been increased to $16.50
(1973), $18.50 (1974) and $19.20 (1975). This rate is applied to each
semester credit hour carried by each resident student in attendance through
the mid-term. (However, this rate can change as a result of placing
enrollment ceilings on the college as was the case this past year.) In 1974
the total monies provided by flat grants was 65 million dollars or approximately
thirty-two percent of the total resources for public community colleges
in the state.

Equalization grants

Because of their relatively low assessed property valuation, some
community college districts are eligible for equalization grants. Developed
in 1971 in an attempt to equalize property taxation revenue throughout the
state, this formula provided nearly 2.2 million dollars to the eligible
districts in 1974. Equalization funding is based on the theory of equal access and equality of educational opportunity. Presumably, if each district were to levy at the same operating tax rate, each should be guaranteed a minimum amount of state revenue per student. This revenue plus student charges should, in theory, provide one-half the state-wide operating cost per student. However, since some districts (especially those in Southern Illinois) are less wealthy in property valuation than others, these lower tax-based districts are provided less funds than are required to adequately support the districts' community college. The equalization grants were designed to provide additional funds to support the college.

**Supplemental non-business grants**

Illinois community colleges are also awarded supplemental grants for all non-business related occupational courses. This supplement is intended to offset the additional expenses and costs of establishing and maintaining the equipment necessary for these programs. A flat rate of $5 per student credit hour is used to generate these additional state funds. Approximately 3.3 million dollars or 1.5 percent of the total revenue received by the community colleges in 1974 were from these supplemental grants.

**Disadvantaged grants**

The ICCS also recognizes that community colleges should place a high priority on serving the needs of the "educationally disadvantaged." For this purpose the board, on the basis of need and merit, grants additional monies to community colleges which have approved programs for the disadvantaged student. Nearly 1.5 million dollars were distributed to eligible colleges in 1974 from this revenue source.
Public service grants

The state of Illinois through the ICCB further provides special grant funds for public service activities such as workshops, conferences and hobby-type courses offered at each institution. This aspect of community college programming was considered to be a low priority item and therefore less than one million dollars were provided for these activities in fiscal 1974.

Other forms of indirect state aid go to the individual institutions in the form of tuition and fee reimbursement for approved regular and veterans benefits through the Illinois State Scholarship Commission.

In total, state apportionment to community colleges in FY 1974 accounted for $80,325,975 or 39.8 percent of the revenue received by Illinois Community Colleges for general operating expenditures.

II. Local tax support

Slightly less than forty percent of the 201 million in total audited revenue received by community colleges is derived from local tax support. The tax rates applicable for educational building and bonding authority are "based on the needed rate of extension that must be applied against the total equalized assessed valuation to produce the total revenue projected by each college budget." (Hill & Middleton, 1975) Under the law the maximal allowable tax rate for educational purposes is $.20 per $100 assessed valuation and $.05 per $100 for building purposes. (Plus the rate needed to reduce existing authorized bonds.)

While the maximal tax rates are defined by state law, each district sets its own tax rates by popular vote. Thus not all districts are currently taxing at the highest legal rate (although 28 of the 39 are taxing at the maximal rate.) Local taxation, always a continual process, accounted for over 71 million dollars in revenue or approximately 38.6 percent of the
total resources given to the community colleges in 1974.

III. Student charges

One of the underlying assumptions of community colleges involves the philosophy that equal access to higher education should be provided to all those who can benefit from higher education. The State's first Master plan recommended that "Tuition (shall) not be charged to any Illinois resident." Therefore, it was assumed, in the beginning, that student tuition and fees would, at best, provide a minimal source of revenue to the college. Indeed, tuition and fees are relatively low in the community college system although 27.8 million dollars were generated by student charges. This amounted to 15.5% of the total resources available to all community colleges in 1974. However, since tuition rates are determined by each district (ranging from a high of $17.50 per credit hour at Thornton Junior College to a low of zero at Eastern Illinois College) it is difficult to estimate the exact proportion of a college's budget accounted for by student charges.

While the median tuition rate rose from $5 per hour in 1966 to $10 in 1974, the proportion of the community colleges' budget accounted for by tuition and fees has declined from a high of 17 percent in 1972 to the present 15.5 percent.

IV. Federal funds

Finally, the funds generated by federal funds including Basic Educational Opportunity Grants, National Student Defense Loans and other programs accounted for 4.4 million dollars or 2.2 percent of the revenue in 1974 for Illinois community colleges.

Table 2 shows the breakdown of the sources of revenue for operational budgets in the Illinois community colleges for 1974. Figure 2 visually represents these same statistics.
TABLE 2
Sources of Revenue Used To Finance Community College Operations In Illinois

<table>
<thead>
<tr>
<th>Source of Revenue</th>
<th>Amount in 1974 (millions)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local districts</td>
<td>71.6</td>
<td>35.4</td>
</tr>
<tr>
<td>State appropriations</td>
<td>65.0</td>
<td>32.2</td>
</tr>
<tr>
<td>Students</td>
<td>27.8</td>
<td>13.7</td>
</tr>
<tr>
<td>State &amp; federal appropriations</td>
<td>8.4</td>
<td>4.0</td>
</tr>
<tr>
<td>State appropriations</td>
<td>6.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Chargebacks</td>
<td>5.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Federal appropriations</td>
<td>4.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Students (instructional fees)</td>
<td>3.4</td>
<td>1.5</td>
</tr>
<tr>
<td>State appropriation supplements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental non-business</td>
<td>3.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Equalization</td>
<td>2.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Reimbursement for tuition and fees</td>
<td>1.8</td>
<td>.8</td>
</tr>
<tr>
<td>Disadvantaged students</td>
<td>1.4</td>
<td>.6</td>
</tr>
<tr>
<td>Public service projects</td>
<td>.7</td>
<td>.3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>201.7</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: ICCB Operating Financial Report, 1974-75

FIGURE 2
Statewide Total Audited Revenues for Illinois Public Community Colleges for the Fiscal Year 1974

Local Taxes (including chargebacks) 38.3%
State Funds 39.8%
Student Tuition & Fees 15.5%
Other sources 3.1%
Federal Funds - 3.2%

Source: ICCB Operating Finance Report, 1974-75
Capital Outlay

Capital outlay funding in Illinois community colleges is shared by the state and local authorities. Initial "start-up" grants were awarded new institutions during the establishment phase of operations. These grants of $100,000 were awarded by the state to provide needed revenue for initial institutional developments.

Additional building funds after the establishment phase, are provided on a sharing basis. The state provides 75 percent of the money and the local district matches with 25 percent. These state funds are only to be used for ICCB and IBHE approved construction and equipment replacement or acquisition. Final funding is authorized by state legislature and executive agencies.

Expenditures

Expenditures for all community colleges in the State amounted to over 189 million dollars for fiscal year 1974. Nearly 60 percent of all expenditures were incurred for instructional purposes. Operation and maintenance of the college and student services were other large expenditures. Table 3 shows the 1974 operating expenditures in Illinois community colleges by function.

| TABLE 3 |
|---|---|---|
| Audited Fiscal Year 1974 Operating Expenditures | By Function in Illinois Public Community Colleges | |
| Dollars | % of Total Expenditures | |
| Instruction | 112,326,168 | 59.4 |
| Academic support | 8,579,511 | 4.5 |
| Student services | 14,297,440 | 7.6 |
| Public Services | 1,566,282 | .8 |
| Data Processing | 3,838,774 | 2.0 |
| Independent operations | 731,245 | .4 |
| Operation & Maintenance | 22,406,747 | 11.9 |
| General Administration | 12,000,865 | 6.4 |
| Instructional Support | 13,294,846 | 7.0 |
TABLE 3
Table (cont'd)

<table>
<thead>
<tr>
<th>Total Dollars</th>
<th>% of Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>189,041,878</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: ICCB Operating Financial Report, 1974-75

Another way to look at expenditures is by the "objects purchased". As shown in Table 4, money which "purchased" teachers (i.e., salaries) was the largest single budget item in 1974, accounting for 75 percent of all expenditures. The major portion of the remaining twenty-six percent was spent for equipment, supplies and maintenance of the physical plant.

TABLE 4

Audited Fiscal Year 1974 Expenditures By Object in Illinois Public Community Colleges

<table>
<thead>
<tr>
<th>Object</th>
<th>Dollars</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>139,812,594</td>
<td>74.0</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>3,523,547</td>
<td>1.9</td>
</tr>
<tr>
<td>Contract services</td>
<td>10,222,992</td>
<td>5.4</td>
</tr>
<tr>
<td>General Materials</td>
<td>11,285,717</td>
<td>6.0</td>
</tr>
<tr>
<td>Travel</td>
<td>1,741,771</td>
<td>.9</td>
</tr>
<tr>
<td>Fixed charges</td>
<td>7,743,769</td>
<td>4.9</td>
</tr>
<tr>
<td>Utilities</td>
<td>6,338,511</td>
<td>3.4</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>4,292,221</td>
<td>2.3</td>
</tr>
<tr>
<td>Other</td>
<td>4,080,754</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>189,041,878</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: ICCB, Operating Financial Report 1974-75

John A. Logan College - An Example

In fiscal year 1974 John A. Logan College, Carterville received revenue from many sources. The state revenue received accounted for slightly over one half the Logan Operating Budget. Table five shows a breakdown of the state apportionment funds received by Logan College in 1974.
TABLE 5
State Apportionment Revenue Received by
John A. Logan College for Fiscal Year, 1974-75

<table>
<thead>
<tr>
<th>Source</th>
<th>Dollars</th>
<th>% of Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Flat grant</td>
<td>763,884</td>
<td>38.9</td>
</tr>
<tr>
<td>Supplemental non/business grant</td>
<td>26,100</td>
<td>1.0</td>
</tr>
<tr>
<td>Equalization grant</td>
<td>166,317</td>
<td>8.0</td>
</tr>
<tr>
<td>Public Service grant</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Disadvantaged Student grant</td>
<td>10,000</td>
<td>0.5</td>
</tr>
<tr>
<td>Appropriation from ISSC</td>
<td>18,524</td>
<td>1.0</td>
</tr>
<tr>
<td>IBVER</td>
<td>40,603</td>
<td>2.0</td>
</tr>
<tr>
<td>OSPI</td>
<td>5,400</td>
<td>0.2</td>
</tr>
<tr>
<td>TOTAL STATE APPORTIONMENT</td>
<td>1,030,828</td>
<td>52.4</td>
</tr>
</tbody>
</table>

TOTAL BUDGET REVENUE           | 1,963,613| 100.0              |

Source: Data compiled from ICCB, Operating Financial Report, 1974-75

Table six depicts the revenue which John A. Logan College received through local sources. As can be noted, local property taxes account for most of the local revenues, with in sum, accounted for over 44 percent of the total revenue received.

TABLE 6
Local Revenue Received by John A. Logan College for Fiscal Year, 1974-75

<table>
<thead>
<tr>
<th>Source</th>
<th>Dollars</th>
<th>% of Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local taxes</td>
<td>710,101</td>
<td>36.1</td>
</tr>
<tr>
<td>Chargebacks</td>
<td>30,125</td>
<td>1.0</td>
</tr>
<tr>
<td>Tuition</td>
<td>88,444</td>
<td>4.0</td>
</tr>
<tr>
<td>Fees</td>
<td>53,667</td>
<td>2.0</td>
</tr>
<tr>
<td>Local revenue</td>
<td>882,337</td>
<td>44.9</td>
</tr>
<tr>
<td>TOTAL BUDGET REVENUE</td>
<td>1,963,613</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Data compiled from ICCB, Financial Operating Report, 1974-75

In 1974 John A. Logan College spent nearly two million dollars for operations. Most of the money was spent for Instruction and related services. Table seven illustrates Logan's 1974 expenditures by function.
TABLE 7

Operating Expenditures for John A. Logan College
For Fiscal Year, 1974-75 by Function

<table>
<thead>
<tr>
<th>Function</th>
<th>Dollars</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>1,133,687</td>
<td>57.8</td>
</tr>
<tr>
<td>Academic support</td>
<td>114,235</td>
<td>5.0</td>
</tr>
<tr>
<td>Student Services</td>
<td>165,212</td>
<td>8.0</td>
</tr>
<tr>
<td>Public Services</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Data Processing</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Independent operations</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>355,555</td>
<td>18.0</td>
</tr>
<tr>
<td>General administration</td>
<td>191,348</td>
<td>9.0</td>
</tr>
<tr>
<td>Instructional Support</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,960,038</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Data compiled from ICCB, Operating Financial Report, 1974-75

John A. Logan College's pattern of funding is typical of most Illinois community colleges. JALC received over 50 percent of its operating money from a variety of state sources, the largest of which came from the state's Flat grant award. Being a relatively poor district insofar as assessed property valuation is concerned, Logan was eligible for and received an equalization grant amounting to eight percent of the total operating budget. Local sources contributed forty-four percent of the operating budget with 36.1 percent coming from local tax revenue and seven percent coming from tuition, fees and chargebacks.

The revenue was used primarily for instructional functions. Teachers salaries and benefits made up a very large share of the expenditures -- approximately 76%.

These figures compare favorably with the state averages presented in an earlier part of the paper.

As can be seen, the Illinois community college system is a locally controlled, and state coordinated system. The individual college districts share the financial burden and responsibility with the state.
References for Illinois


Smith-Hurd Act, Illinois Annotated Statutes, Chapter 144.

Historical, Philosophical and legal bases

Tennessee was one of many states which expanded higher education opportunities during the period 1963 to 1973. During that decade, the State Board of Education by authority of the General Assembly, established twenty-seven area vocational-technical schools, nine public community colleges and three technical institutes.

On the basis of studies, plans and recommendations made by the Board, the 1965 General Assembly authorized the creation of three community colleges. One college was to be located in each of the state's three grand divisions (East, Middle and West). In 1967, the Assembly authorized the establishment of an additional three community colleges and in 1969, it created the final three two-year institutions. By an act of the 1973 Legislature, the technical institute in Chattanooga became a technical-community college, thus bringing to ten, the number of public community colleges in the state.

The goals and objectives of the community college system in Tennessee is nicely stated in the following passage excerpted from the 1973 State Master Plan:

Community colleges provide educational opportunity for a variety of students who are not adequately served by other institutions. These include:

(1) Those without the necessary funds to attend a residential college away from home. Expenses of attending college are considerably reduced when a student lives at home. In Tennessee, more than one-third of our youth come from homes with an average family income of less than $5,000 a year. Low-cost college opportunities, therefore are especially important for this group.

(2) Those who need to work part time. Many young people need the income from part-time jobs, and many businesses need their services. Such employment-education arrangements are mutually advantageous to students and the business community.
(3) Those not motivated to attend a four-year college. Some young people, who have great potential for productive service, may not wish to attend college. The proximity of the community colleges is an assist in encouraging these persons to continue their education, often in terminal-occupational programs which prepare them for a better position.

(4) Those preferring the environment of a smaller college, the opportunity for more contact with faculty, and a more intimate relationship with the student body.

(5) Those who are "late bloomers." Some 18 and 19-year-old individuals have not reached their full maturity. Previous poor academic records may not be accurate predictions of their abilities, so that the "second chance" offered by the community college is particularly important to them.

(6) Those desiring to study a technical or semi-professional occupation. A large number of technically-oriented occupations have developed during the past two decades and many students are needed to enter these professions.

(7) Adults who seek additional education for personal and/or economic goals. (THEC, 1973, p. 41-42)

Initially, governance over the operations of the statewide community college system was delegated to the State Board of Education. Primarily designed to govern the state's elementary, secondary and vocational-technical education, the Board did little in the way of enhancing the concept of comprehensiveness in the community colleges. [Partly as a consequence of this lack of direction provided by the board -- quality lacking in many early community college state boards -- many of the community colleges today still place greater emphasis on collegiate transfer education.]

In 1972 an eleven member Board of Regents appointed by the governor, was established. This Board was created to govern the six state universities and the ten community colleges in Tennessee. With powers similar to those given local Boards of Trustees in Illinois, the Board of Regents is primarily responsible for the operations of the institutions' programs and services under its control. The eleven Regents determine policy, review budgets and set guidelines for personnel among other matters at the institutional level.
Whereas the Board of Regents governs the state's community colleges, the Tennessee Higher Education Commission (THEC), established in the early 1970's, has the responsibility for coordinating all higher education in the state. This panel of nine gubernatorial appointees has been given broad coordinating powers which include the following: 1) The drafting of a state master plan for the future development of Tennessee higher education; 2) The development of policies, formulae and guidelines for the fair and equitable distribution of public funds for higher education and for recommending institutional budgets to the governor and assembly; 3) The continual study and review of all programs and divisions regarding their cost and relevance as well as to avoid unnecessary duplication of programs; 4) A review of all proposed new degrees and programs; 5) The approval or disapproval of new degrees and programs; and 6) the transmittal of higher education information in the State to the Tennessee people. (THEC, 1973)

As depicted in Figure three, Tennessee community colleges are governed and coordinated by the Board of Regents and the Tennessee Higher Education Commission respectively.

Scope of operations

The scope of current operations in the Tennessee community college system is difficult to label. Considering the tremendous growth and increase in opportunities given the Tennessee people over the past twelve years, the scope could be considerable. However, if we compare the Tennessee system with the systems found in other southern states, it becomes evident that much more could be done to further develop and mature the system.

The nine public community colleges and one technical-community college were serving 24,505 students as of the Fall, 1974 (headcount). This ranked Tennessee 30th nationally in community college headcount enrollment during
FIGURE 3
Organization of Public Higher Education in the State of Tennessee

TENNESSEE CITIZENS

GOVERNOR

GENERAL ASSEMBLY

STATE BOARD OF EDUCATION

3 TECHNICAL INSTITUTES
4 SPECIAL SCHOOLS
27 AREA VOCATIONAL SCHOOLS
147 LOCAL SCHOOL SYSTEMS

HIGHER EDUCATION COMMISSION

BOARD OF REGENTS

UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

6 UNIVERSITIES

5 CAMPUSES

AGRICULTURAL INSTITUTE

9 COMMUNITY COLLEGES & 1 TECHNICAL COMMUNITY COLLEGE

STUDENT ASSISTANCE AGENCY

39 PRIVATE COLLEGES & UNIVERSITIES

Legend: ___________-Coordinating function
___________-Governing function
1974. Of this total, nearly 13,000 were enrolled as part-time students. Students were enrolled in a wide variety of programs and courses and THEC projected that nearly 60% of all students were participating in vocational related courses.

The location of the colleges places higher education facilities within commuting distance (drive of not more than one hour one way) of 85% of the state's population.

Table eight depicts the growth of the degree credit FTE and headcount enrollment in the Tennessee system from 1972-1975.

**TABLE 8**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>10,755</td>
<td>14,895</td>
<td>18,400</td>
<td>24,505</td>
</tr>
<tr>
<td>FTE</td>
<td>8,164</td>
<td>10,261</td>
<td>12,252</td>
<td>16,877</td>
</tr>
</tbody>
</table>

Source: Policy Paper, THEC, 1975

Financing the Tennessee community colleges

The financial funding pattern of the Tennessee community college system is ably described by Lombardi (1973) as a "full state support minus tuition and/or federal funds." Traditionally, higher education in the State has been financed through three main sources: (1) public subsidies or state appropriations, (2) student tuition and fees, and (3) other charges for other than instructional services. Table 9 illustrates the revenue derived from the three sources for all of higher education in the State during fiscal 1973.
TABLE 9
Source of Unrestricted Education and General Funds for Tennessee’s Higher Education for Fiscal 1973

<table>
<thead>
<tr>
<th>Resources</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations</td>
<td>$125,611,000</td>
<td>65.6</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$52,812,000</td>
<td>27.6</td>
</tr>
<tr>
<td>Other</td>
<td>$13,070,000</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$191,493,000</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: THEC, 1973

As can be seen in Table nine, over 65% of the total revenue received by all state higher education institutions was derived from state appropriations. Student charges amounted to 27.6% of the total and other sources, including federal money, accounted for nearly seven percent. While these figures apply jointly to universities and community colleges, the percent each source contributes to community colleges are relatively accurate.

State appropriations

The state appropriations allocated to all but two state institutions and new institutions for a period of three years, are based on a complex budgetary formula. Developed and revised by the Higher Education Commission, the formula incorporates a sophisticated study of "average costs" for various instructional programs offered at different class levels. In essence, the production of student credit hours and their attendant costs are the foundation of the formula.

For those institutions using it, approximately 88% of the state appropriations for community colleges are generated by the formula with the remaining 12% being allocated on the basis of actual expenditures for prior years, plus inflation or other increments. An overview of this complicated
process is presented in the following section. (Greater detail can be found in Budget Instructions, 1976-77.)

The formula is used to generate funds in six categories of higher education, each category having been identified as a separate entity for accounting purposes. (The Standard Taxonomy of the National Association of College and University Business Officers.) While actual organizational arrangements for carrying out these category functions vary from institution to institution, the functions are common to all. In 1973, the state appropriations to the community college system was approximately 15 millions of dollars.

Area One: Instruction and Research

This is the largest single category of the formula and requires the greatest proportion of the state appropriations. In this section a THEC "Departmental Research Cost Study" conducted in 1971 and since revised, serves as the basic reference point. The study determines the average cost of one student credit hour in each academic area identified. (Thirty areas are so identified by using a U.S. Office of Education Taxonomy.) In addition, each academic area is identified by the following course levels:

1. Freshman and Sophomore
2. Junior and Senior
3. Masters
4. Doctoral
5. Professional Law
6. Non-Credit Remedial
7. Non-Credit Continuing Education (THEC, 1973)

Costs per student credit hour are calculated for each institution and for all institutions and cost rates for each academic area at each level.
are determined. These costs plus projected enrollments form the basis for this section of the formula.

Area Two: Libraries

The funds allocated by the formula for libraries are also based on the generation of student credit hours by course level. Rates for each level of library services are determined and a basic rate is established. (For 1976-77 the rate is $1.37.) This base figure is applied to all level one services. (The rate at level two is twice the base, at level three five times, at four eight times, at five six times the base and at levels six and seven it is 1/2 times the base rate.)

Area Three: Maintenance and Operations of the Physical Plant

The funds generated under this section of the formula are determined by the total gross square footage of building space available for "educational and general" (E and G) services. Actual maintenance and operations costs at each institution were used in determining the rate by which the total square footage was to be multiplied. (The rate established for 1976-77 is $1.68.)

Area Four: General administration and General Institutional

The costs of the functions of administration are combined under the formula because it is believed that these categories are directly related to the educational and general dollars (i.e. non-restricted funds and auxiliary). In arriving at this allowable sum, the formula permits and institution to "levy" .85 percent charge on its E and G budget minus these two functions.
Area Five: Student Services

The formula allows a flat rate for each student enrolled in the institution (headcount). For 1976-77 this rate was $105.00.

Area Six: Other Functional Areas

Seven other functions, considered to be non-formula items are considered in the budget making process. The seven areas are student aid, organized educational activities, staff benefits, extension and public service, other separately budgeted research, unrestricted funds required for restricted funds projects and remedial education programs. All non-formula items are submitted separately and evaluated individually by THEC and the Board of Regents.

Final Formula Figure

The final institutional formula request is completed by adding the approved non-formula budgeted items to the formula totals and then subtracted from the estimated revenues. The remaining total constitutes the appropriation request from an individual institution. The following table illustrates this process. (See table 10)

As sophisticated as it is, the formula depends heavily on the ability of the state legislature to fully fund the requests from the income generated by the 19 types of taxes used in Tennessee. As of 1974, the state was operating at 93% of the requested formula appropriations. In a letter to the author, Dr. Wayne Brown, Executive Director of THEC, expressed concern over this very problem. Commenting on the inadequacy of state government to fund higher education, he stated:

The Tennessee Tax system as now structured is incapable of a rate of expansion which will provide funds to adequately meet the demands of its citizens for educational and other
## TABLE 10
Example of Final Formula Request Summary Schedule Used For Tennessee Public Community Colleges

### REQUEST SUMMARY

<table>
<thead>
<tr>
<th>I. Expenditures*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Instruction and departmental research</td>
<td>$____________________</td>
</tr>
<tr>
<td>B. Libraries</td>
<td></td>
</tr>
<tr>
<td>C. General expense</td>
<td></td>
</tr>
<tr>
<td>D. Student services</td>
<td></td>
</tr>
<tr>
<td>E. Maintenance and operation of physical plant</td>
<td></td>
</tr>
<tr>
<td>F. Research</td>
<td></td>
</tr>
<tr>
<td>G. Organized educational activities</td>
<td></td>
</tr>
<tr>
<td>H. Extension and public service</td>
<td></td>
</tr>
<tr>
<td>I. Staff benefits</td>
<td></td>
</tr>
<tr>
<td>J. Student aid</td>
<td></td>
</tr>
<tr>
<td>K. Remedial education programs</td>
<td></td>
</tr>
</tbody>
</table>

**Total education and general and student aid expenditures** $____________________

<table>
<thead>
<tr>
<th>II. Income*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Tuition and fees</td>
<td>$____________________</td>
</tr>
<tr>
<td>B. Appropriations (federal and local sources)</td>
<td></td>
</tr>
<tr>
<td>C. Sales and services of educational activities</td>
<td></td>
</tr>
<tr>
<td>D. Athletics</td>
<td></td>
</tr>
<tr>
<td>E. Other sources</td>
<td></td>
</tr>
</tbody>
</table>

**Total educational and general income** $____________________

**State appropriation (expenditures less income)** $____________________

Expenditures represent formula items. Income is derived from the five sources. Income is subtracted from Expenditures for the state appropriation request.

Source: THEC, 1975, Schedule M.
governmental services. Obviously, in a state where tax resources are inadequate to fund the demands placed on them, financial problems do exist.

Another problem (directly) related to financing community colleges as well as the public universities in the state, is the method used to distribute funds to institutions of higher learning. The formula approach is an enrollment driven averaging process that makes no distinction for institutional mission or institutional performance.

**Tuition and Fees**

Accounting for nearly 28 percent of the total revenues budgeted for all public higher education in the state, tuition and fees charged to students is coming to provide a larger portion of the budgeted income. Tuition is relatively low at most community colleges and does not exceed a maximum of $68 per 15 quarter hours or $5.37 per hours. (1976-77) Other fees, implemented at the institutional level with Board approval, include the following: student activity, traffic charges, library charges, lab and music, graduation application, pre-college counseling, transcript, examination services, late registration, program change, I.D. cards, and health fees.

**Charges for other than instructional services**

Approximately seven percent of the total revenue received for Tennessee higher education in 1973 was through charges levied for non-instructional services. Charges for intercollegiate athletics, student fees, gate receipts, interest on current fund investments, conference and institute service charges, rent on institutional property, and continuing education credit costs. For the community colleges, these items account for between 1-3 percent of the budgets.

**Capital Outlay**

Capital outlay funding in the Tennessee community college system is
almost exclusively supported by state tax dollars. Until 1969, a total outlay request for each institution, based on projected enrollment, was used to generate building and equipment funds. In that year THEC, suggested that a more objective approach to capital funding, designed to eliminate inequities, should be used. Essentially each institutional facilities project is reviewed by local authorities and then evaluated by THEC on the basis of a pre-arranged set of objective standards. On the basis of the standards and the statewide master plan, THEC approves or disapproves the request and recommends required funding to the legislature and governor.

Presently, the state's plans include rounding out the building program of the last decade. An additional 1.1 million square feet of new community college space is anticipated within the next 3-5 years.

Expenditures

No specific figures on Tennessee's community college expenditures for 1973 were available and thus none will be reported. However by using the date from Table 11 below, one can estimate that instructional services constitutes the largest part of an institutions budget. Physical plant operation and maintenance, extension and public service, student services and administrative costs added to the instructional services would constitute 85-90 percent of the expenditures.

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Amount</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction &amp; Departmental Research</td>
<td>$96,555,000</td>
<td>50.0</td>
</tr>
<tr>
<td>Organized Education Activities</td>
<td>5,991,000</td>
<td>3.0</td>
</tr>
<tr>
<td>Sponsored Research</td>
<td>535,000</td>
<td>.2</td>
</tr>
</tbody>
</table>

TABLE 11
Expenditures of Unrestricted and General Budgets for Tennessee's Higher Education Institution's for Fiscal 1973
Expenditures | Amount | Percent of Total
--- | --- | ---
Other Separately Budgeted Research | 6,446,000 | 3.3
Other sponsored programs | 10,000 | 0.0005
Extension and public services | 12,369,000 | 6.4
Libraries | 9,423,000 | 4.8
Student Services | 10,288,000 | 5.0
Physical Plant Operation & Maintenance | 23,199,000 | 12.0
General Administration | 9,967,000 | 5.0
Staff Benefits | 8,783,000 | 4.5
General Institutional Expenses | 6,344,000 | 3.2
Student Aid | 2,486,000 | 1.2
**TOTAL** | **$192,396,000** | **100.0**

Source: THEC, 1973

COMPARISON

Throughout America, community colleges are controlled, governed, and financed under various state systems. The community college systems in Illinois and Tennessee represent two common and diverse approaches to solving similar educational objectives. The Illinois community college system represents a locally controlled, state coordinated, and shared funding approach. The Tennessee system represents a state controlled, governed, and financed system.

The differences between these two approaches stems, in part from the historical, philosophical and legal elements characteristic of each system. Illinois has had a rich and long history of community colleges as evidenced by having the oldest extant junior college in the nation. This age has added greatly to the "maturity" of the community college concept in the state. Contrasted, Tennessee has known community colleges for only a quarter of a century at most and its public community colleges are less than 12 years old. This presents Tennessee with a particular lack of educational and philosophical maturity.

With these points in mind and understanding that comparisons of this
sort are at best impossible, I will attempt to summarize and compare the
governance, coordination and financial elements of the two state systems.
Table twelve illustrates the common similarities and identified differences
found between the two community college systems.

Under both systems, individual colleges are coordinated by statewide
agencies. In Tennessee no one agency exclusively coordinates the community
college system; however, the Board of Regents governs all public community
colleges and as such, probably performs some coordination functions. On
the other hand, the Illinois Community College Board is responsible for
state coordination of its community colleges.

The two states provide further coordination for all of its public
higher education endeavors through the establishment and operation of the
Tennessee Higher Education Commission and the Illinois Board of Higher Educatior
respectively. Both agencies perform similar functions within their respective
states as authorized by the respective authorizing statues (i.e. the development
of master plans, approval of new programs, program review and budget review.)

Governance functions differ substantially between the state. Illinois
community colleges are governed by locally elected boards of trustees.
Tennessee community colleges are governed by a gubernatorially appointed
nine member Board of Regents which oversees all operations of the community
colleges as well as the operations of the six state universities. Both
governing bodies approve budget requests for the respective colleges under
their control.

The "largest" differences between the two state systems (aside from
sheer "number" differences) is the pattern of financing found within each
system. Illinois community colleges are financed under a "shared funding"
philosophy where the local community and the state share in the financial
<table>
<thead>
<tr>
<th></th>
<th>TENNESSEE</th>
<th>ILLINOIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date system established</td>
<td>1965</td>
<td>1965</td>
</tr>
<tr>
<td>Governing body</td>
<td>Board of Regents - gubernatorially appointed</td>
<td>Board of Trustees at the individual community college district</td>
</tr>
<tr>
<td>Responsibilities</td>
<td>Operations of 6 state universities, and 9 community colleges</td>
<td>Operation of local community college only</td>
</tr>
<tr>
<td>Budgetary Responsibilities</td>
<td>Review requests and approve</td>
<td>Review requests and approve</td>
</tr>
<tr>
<td>Coordination</td>
<td>Tennessee Higher Education Commission (THEC)</td>
<td>(1) Illinois Community College Board</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2) Illinois Board of Higher Education</td>
</tr>
<tr>
<td>General Responsibilities</td>
<td>Develop master plan,</td>
<td>Develop master plan (2),</td>
</tr>
<tr>
<td></td>
<td>Continual study and program review, Approval of new</td>
<td>Continual study and program review (1,2), Approval of new</td>
</tr>
<tr>
<td></td>
<td>programs, Statewide Community college planning</td>
<td>programs (1,2), Statewide college planning (1)</td>
</tr>
<tr>
<td>Budgetary Responsibilities</td>
<td>Review requests</td>
<td>Review requests (1,2)</td>
</tr>
<tr>
<td></td>
<td>Make recommendations to governor and to the legislature</td>
<td>Make recommendations to governor and to the legislature (1,2)</td>
</tr>
<tr>
<td>Funding Pattern</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State share</td>
<td>65% (Formula based)</td>
<td>39.8% (enrollment driven)</td>
</tr>
<tr>
<td>Local share</td>
<td>virtually nonexistent</td>
<td>38.1%</td>
</tr>
<tr>
<td>Student share</td>
<td>28%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Other including federal money</td>
<td>7%</td>
<td>6%</td>
</tr>
</tbody>
</table>
responsibility. Tennessee community colleges are financed mostly through state appropriations (65 to 70%). The student's share of the institution's financing in both systems is relatively small; however, a much larger proportion of budget revenues is accounted for by student charges in the Tennessee system (28% versus 15.5%).

Federal grants, and other revenues account for a small segment of the total revenues in each state.

While differences exist between these two state community college systems, meaningful comparisons are difficult to make. The true measure of each system's success can not be found in cost efficiency statistics, enrollment data or relative ranking in system size. The true measure of success is in how well the individual system is serving the needs of its citizenry given the resources its people are willing to allocate to it. Under the present circumstances, and considering the relative stage of development of each system, I must conclude that both are performing their duties well. Nevertheless, each system has its strengths to fall back on and its weaknesses to correct. As long as each state continues to develop along the lines dictated by the people's needs, each community college system will add considerable opportunities to its constituency.

The immediate problem facing both state systems is outlined by Dr. Brown:

The financial problems facing Tennessee public community colleges are the same problems confronting all other public higher education institutions in the State. The costs of providing higher education have increased and state appropriations have not been sufficient to offset rising costs. As rising costs continue to outstrip any state appropriation increases, deficits will be made up by increased student charges, increased federal funding (with increased external control) or decreased enrollment or faculty.
Unfortunately any of the above will undoubtedly affect the community college mission in each state. The crucial question then becomes, what will be the new community college mission - elitist or egalitarian, specialist or comprehensive or a completely new mission of modified scope which is developed within the political, social and economic framework of a state and of a federal government reflecting the people's will.
References for Tennessee


Dr. Wayne Brown, Executive Director, THEC. Personal Communication, March 15, 1976.