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ABSTRACT

This paper discusses the growing segments of postsecondary education that are cutting into the market niche developed by community colleges, such as for-profit institutions offering degrees at costs substantially below those of traditional schools. More institutions often mean more competition for state funding and students (tuition revenue). The more that the community college market is saturated by other postsecondary initiatives, the fewer resources are available to support community colleges. The paper proposes that clarifying educational mission statements can alleviate the stress on funding issues for postsecondary education. Also, instead of relying on appropriations, community colleges can become proactive and seek out opportunities to serve the needs of constituents through an entrepreneurial-type model. These activities can include soliciting local and national companies for support, both in terms of dollars and equipment. While mission clarity and funding models are not quick fixes for the issues facing postsecondary education, they do propose a starting place for involving community colleges in current and future discourse. Utilizing funding patterns consistent with institutional sector performance indicators would allow states to appropriate more dollars to institutions performing according to agreed-upon missions, and allow more effective coordination of services to the citizens of the country and beyond. (Contains 16 references.) (EMH)

Addressing the Discourse on the Future of Post-secondary Education: The Relationship between Mission and Funding in Community Colleges

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Addressing the Discourse on the Future of Post-secondary Education: the Relationship between Mission and Funding in Community Colleges

Abstract

The increasing prominence of distance education, for-profit institutions, and workforce retraining initiatives is motivating a rich discourse and debate about the purpose and content of post-secondary education. At the same time, decreases in state and federal funding along with competition for students is leading to even more fiscal accountability than ever before. Often caught without a clear voice in the discourse and struggle are community colleges. This paper reviews the role that a clear mission statement can play to enable community colleges to compete for funding, and operate in an increasingly competitive post-secondary education market.

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Introduction

As education and re-education of the United States and the world population continues to grow, the issues over the content and delivery of the curriculum continues to be an issue and topic of discussion. The continuing evolution of private, public, for-profit, not-for-profit, distance, residential, two-year, four-year distinctions continue. Amidst these discussions are the on-going struggles of financing educational endeavors. Organizations such as the National Association for College and University Business Officers (NACUBO) spend enormous amount of time and energy on determining the cost of an education. Both State and Federal governments continue to discuss various options of financing post-secondary education.

Not-for-profit two-year institutions continue to be conceptualized as an integral part of the puzzle, but often not consulted about the discourse. One example is the State of Pennsylvania's lack of a true community college system as an unpopular and inefficient practice in post-secondary education (Palinchak, 1973). Exemplifying some of the National struggles, Pennsylvania's often uncoordinated community college system experiences mission conflicts between these integral two-year institutions and various post-secondary institutions in Pennsylvania. In addition to the duplication in educational missions among various post-secondary institutional types, the state level support necessary to maintain these institutions (considered to be minimal in comparison to other states) is diluted, resulting in insufficient levels of funding for all institutions.

At this critical juncture in the post-secondary education, community colleges in particular should examine their missions. Determining the broad goals and objectives, can lead to clearer expectations and planning, and ultimately result in more funding support for community colleges. The outcome of this examination would be direct relationships between the missions of community colleges and the criteria for funding support.

Relevancy

Many states have been experiencing decreasing levels of state appropriations for post-secondary education. Again, as an example, Pennsylvania consistently has one of the lowest state appropriations in the United States (Wattenbarger & Mercer, 1988). As competition for State resources has grown, the amount of appropriations for post-secondary education has suffered even more (Anderes, 1995).

The genesis of community colleges in Pennsylvania contains many similarities to the debates in post-secondary education today. The development of Pennsylvania community colleges contained much strife and debate (Gibson-Benninger, 1998). Institutions such as the Pennsylvania State University and the University of Pittsburgh operated “branch” campuses or learning centers, partially fulfilling many of the traditional mission objectives of the community colleges. However, the issue of access and affordability was not truly remedied by these satellite locations (Bender & Shoemaker, 1971). As a result, community colleges finally emerged during the legislative session of 1963, through the community college act of 1963 (Gibson-Benninger, 1998). However, these community colleges were never integrated as a system and continue to operate autonomously, competing not only among themselves, but also with other post-secondary institutions.

The resulting confusion from the development of community colleges in Pennsylvania is currently reflecting in the growth of distance and for-profit education. The advent of distance education allows many individuals access to universities and colleges that could never before have occurred. Additionally, the for-profit institutions are offering programs, certificates, and degrees at costs substantially below those of traditional post-secondary institutions. These growing segments of post-secondary education clearly cut into the market niche developed by many community colleges.

These developments are also related to institutional funding. More institutions often mean more competition for state funding and more competition for students (i.e. tuition revenue). The more that the community college market is saturated by other post-secondary initiatives, the fewer resources (both state funding and student tuition) are available to support community colleges. Breneman and Nelson (1981) propose that clarifying educational mission statements can alleviate the stress on funding issues for post-secondary education. “Little progress can be expected toward resolving the fundamental issues in financing community colleges until broad agreement exists about the purpose and functions of the two-year college" (p. 39). Additionally, Wattenbarger & Mercer suggest that the philosophical commitments of the community college to serve a variety of functions conflicts with the amount of limited funding these institutions receive.

The inspection of the relationship between the community colleges and other post-secondary institutions could be clarified by defining specific missions for the community colleges. Community colleges could diverge from the traditional "serve all" philosophy, and target programs not delivered by other post-secondary institutions. The resulting missions could vary considerably. Garms (1977) suggests that community colleges should provide courses and programs not provided or provided insufficiently by four-year institutions. However, Nora (2000) believes that in the 21st century, community colleges need to focus on providing an equal access point for minorities (taking into consideration the recent changes in affirmative action in many states), and increase their emphasis on technology and technology based programs.

Relationship to Funding

Although community college scholars may not agree on the specific mission of community colleges, they do agree that institutions do need to have a clear sense of purpose and direction. One need for such a clear mission arises from many of the funding strategies that have been adopted by states.

The original conception of community colleges contained a funding formula that included 1/3 of the funding to be raised by the local community, 1/3 of the funding to be provided by the state, and 1/3 of the funding to be provided by student tuition (Lombardi, 1973). However, in recent years, due to tax changes (i.e. California's Proposition 13) the amount contributed by local communities decreased (Merisotis & Wolanin, 2000, Wattenbarger, 1985). Now, community colleges are relying more on grants, contracts, tuition, and state appropriations.

Grants and Contracts

Many community colleges are turning toward specific grants and contracts for their services. Instead of relying on appropriations, community colleges are becoming pro-active, seeking out opportunities to serve the needs of constituents through an entrepreneurial type model (Merisotis & Wolanin, 2000). These activities include soliciting local and national companies for support, both in terms of dollars and equipment. Other avenues include creating agreements for developing programs specific to corporate needs and contracting with companies to retrain the current workforce.

Tuition

The original purpose of community colleges was to provide access to post secondary education at a low (or no cost) to students. However, funding shortages of community colleges financing have forced most community colleges to charge some type of tuition and/or fees. While at this may seem contradictory to the foundation of community colleges, recent legislative changes provide some justification for charging tuition (Breneman & Nelson, 1981). As Federal student aid increased, the ability for students to finance their educational expenses also increased. This trend, along with recent changes in Federal tax laws, allows students and their families more opportunities to save for education (Breneman & Nelson, 1981). Hence, Breneman & Nelson (1981) believe that low or no tuition no longer makes sense with the amount of federal assistance available to individuals and their families to finance their education.

State Funding

States take several different approaches to appropriating funds to post secondary institutions. Many of these strategies require community colleges to have a firm understanding of their missions, and to be accountable for their outcomes.

Illinois utilized a formula budgeting system for state appropriations. In this formula, most of the appropriation was received according to the number of credit hours the institution produced. However, incentives existed for serving disadvantaged students, engaging in economic development activities, pursuing advanced technology curricular areas, and equalizing low levels of local support.

Unfortunately, allocations of most of the funding occurred on the basis of enrollment. Larger institutions received more money, and smaller ones less. This approach penalized smaller institutions burdened with many of the same fixed costs expenditures (i.e. a bursar, registrar, etc.) of larger institutions, but do not benefit from economies of scale. Fonte (1985) advocated a funding approach recognizing not only enrollment, but also recognition for diverse missions, quality and program enhancement, and ensured equity across institutions in the state.

California approached funding for community colleges through performance based funding (Sacramento Board of Governors, 1990, Felter, 1990). Performance budgeting is the allocation of resources to achieve specific objectives based on program goals and measured results (Layzell & Caruthers, 1995). Performance based funding forces the institution to have a clear sense of what it wants to accomplish (i.e. it's mission). Typically, the institution must measure specific performance indicators, and subsequent funding decisions are made on the basis of these measurements. The state of California utilizes a "report card" method to assess how community colleges perform in 5 basic categories, Instruction, Instructional Services, Student Services, Maintenance and Operations, and Institutional support. All of these categories have specific workload measures. Instruction and Instructional Services are measured by FTE students, Student services are measured by credit hours, Maintenance and Operations is measured by the square footage of the facilities, and Institutional Support is a percentage of the total allocation. Each institution must complete a "report card" on these measures to determine the funding it will receive.

Outcome based budgeting (OBB) is similar to performance based budgeting. Institutional appropriations are linked with outcomes and outputs (Anderes, 1995). One advantage, particularly for the community college sector, is that outcome based budgeting allows the institution to define specific educational tracks (i.e. transfer, certificate, self-enhancement) and to track the outcome of the student's progress (i.e. did the student transfer, earn a certificate, or complete the course). The drawback of OBB is that the data collection can often be laborious and time consuming, something many community colleges cannot afford.

A final model Activity Based Costing (ABC). ABC assumes that the overhead costs of the institution are driven by the ACTIVITIES that the institution engages in (Turk, 1992). For example, an admissions office would determine the types of activities it engages in, and distribute its expenditures to those activities.

Impact on Current Post-Secondary Discourse

Although some states already subscribe to mission based funding, states like Pennsylvania could improve support of community colleges by encouraging them to pursue activities within the scope of a clearly defined mission. Performance based or outcome base funding would provide the reinforcement for these kinds of activities. However, this type of funding should be coupled with a basic appropriation for fixed costs, despite the size of the institution. Working from this base, states could implement a combination of funding on performance measures and FTE that would equitably fund community colleges, and reward them for pursuing activities consistent with their missions.

There are several constructs that need to be considered in the scope of community college funding. Merisotis and Wolanin (2000) recommend that standard of educational quality (established through performance indicators) be established that address the missions of community college. An important corollary to this point is that community colleges need to be represented in the governmental debate on establishing performance indicators, and that the states recognize that the indicators for community colleges can be vastly different than those for other sectors of post secondary education. Merisotis and Wolanin also recommend that differential tuition be charged for programs according to the degree of technology involved in the program. Examining cost and price data reveals differences in the amount of educating students in various disciplines (i.e. English vs. Computer Science), yet many times the cost of providing different programs is not recognized or reimbursed adequately.

Breneman & Nelson (1981) suggest that not only should the type of program be considered when funding issues are concerned, but the type of student should also be considered. They recommend that community colleges be allowed to charge differential tuition to different kinds of students. Keeping in mind the increased availability of student aid, and the increasing emphasis on contracting, these scholars suggest that certain kinds of students can afford to pay more for community college programs.

Conclusion

While mission clarity and funding models are not a quick and easy fix for the issues facing post-secondary education in the U. S., they do propose a starting place for involving community colleges in the discourse on the future of post-secondary education. Utilizing funding patterns consistent with institutional sector performance indicators would allow states to appropriate more dollars to institutions performing according to agreed upon missions, and allow more effective coordination of services to the citizens of the country and beyond.

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