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U.S. COMMUNITY COLLEGE SYSTEMS
DURING FISCAL YEARS 1977 AND 1980**

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December 1982

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Abstract

National statistics reflect that during the period of fiscal years 1977 through 1980 there was a steady trend toward increased state funding and concomitant decreased funding from local tax revenues to support statewide public community college systems. A state by state examination of shifts in revenue sources resulted in the conclusion that only two states, California and Indiana, have experienced major shifts in funding resources during this period. Because of the size of California's system in relation to the remainder of the nation, the major shift from local to state support for the community colleges of that state has skewed the national statistics significantly. In addition to California, Massachusetts is the only other state that has replaced a significant amount of local funding with state sources over the four year period.

From FY1977 to FY1980, nine states experienced an increase in tuition and fees revenue as a percentage of total revenues, four states received the same percentage in both fiscal years, and in thirty-seven states tuition and fees revenue declined slightly as a percentage of total revenues.

An analysis of changes in types of community college state funding allocation plans in operation during 1976 and 1981 leads to the conclusion that the majority

of the twenty-seven states which changed types of funding plans did so by changing from more complicated types of plans, including Cost Based Program Funding and Minimum Foundation Funding, to less complicated types of plans, including Negotiated Funding or Unit Rate Funding. By 1981, forty-three states utilized one of these latter two types of funding plans to determine the amount of state support for their public community college systems.

I. Background

Many statewide community college systems in this nation experienced major shifts in revenue sources in the two and one-half decades after 1950. The shift was from reliance primarily on local tax revenues to a greater reliance on state funding and tuition and fees support. National statistics suggest that a trend toward increased state funding and decreased local funding for community colleges has continued through fiscal year 1980.

A significant shift in funding resources is an important concern for many community college constituents because it threatens the two central tenets of the community college philosophy, namely local control and low (or no) tuition. The trend toward increased state funding is viewed as a trend toward increased state domination. The steady increase of tuition and fees as a source of revenue is regarded by many as a barrier toward providing increased educational opportunity for all citizens.

The primary purpose of this research was to determine whether a trend toward increased state funding and tuition and fees support and concomitant decreased local funding for public community colleges has continued in a majority of the states during the latter part of the decade of the 1970's.

As the community colleges face the challenges of the 1980s, there will be continuous pressures to change the financing strategies which are largely a product of an era when full-time enrollments comprised the majority of students served. In fiscal year 1980, part-time enrollments amounted to 64 percent of all enrollments in community colleges in the nation. Formulas designed around full-time students do not give adequate consideration to the costs of serving large numbers of students who require most of the services of full-time students but are enrolled for only one or two courses each semester. In addition, in the most recent book on community college finance, Financing Community Colleges An Economic Perspective, by David W. Breneman and Susan C. Nelson, one of the conclusions of their research is that "finance plans that recognize differences in program costs are a definite improvement over simple unit rate or flat grant formulas."

Therefore, a secondary purpose of this research was to tabulate statistical information concerning financial characteristics of statewide public community college systems in a manner that enables interested persons to readily determine which states to contact if they are seeking aid in developing new funding structures in the future.

II. Procedure

The following data sources were utilized for statistical analyses: 1. Pepin, Opening Fall Enrollment in Higher Education, 1976 and 1979; 2. Brandt, Financial Statistics of Institutions of Higher Education, Fiscal Year 1977; 3. Unpublished data of fiscal year 1980 financial statistics on institutions of higher education from the National Center for Education Statistics; 4. Wattenbarger and others, Financing Community Colleges, 1976 and 1981; 5. U.S. Department of Commerce Bureau of the Census, 1980 population census data for the United States; and 6. Dougherty et al., Education Commission of the States, Community College Finance At A Glance 1981-82.

The data treatment consists of descriptive statistics which provide state-by-state profiles of full-time equivalent enrollments (FTE), operating revenues per FTE, and percentages of sources of operating revenues of public two-year institutions for fiscal years 1977 and 1980. The states have been clustered into three sizes, based upon the opening fall enrollments of 1979 (FY1980). The large size cluster consists of those states which each served over 60,000 FTE; ten states (20 percent of the fifty states, including 52 percent of the 1980 population) enrolled two-thirds of the total FTE served by all public two-year institutions in the nation. California alone,

in which 10 percent of the 1980 population resided, served 23 percent of the national total FTE. The medium size cluster consists of those states which each served between 10,000 and 60,000 FTE; twenty-three states (46 percent of the fifty states, including 39 percent of the 1980 population) served 30 percent of all FTE enrollments in public two-year institutions. Combining the large and medium clusters results in two-thirds of the states (which included 91 percent of the 1980 population) having served 96 percent of the national total FTE. The small size cluster is comprised of the seventeen remaining states (34 percent of the fifty states, including 9 percent of the 1980 population), which served less than 10,000 FTE each and together served 4 percent of the national total FTE.

The following delimitations were applicable to the state-by-state analyses. Full-time equivalent enrollments were calculated by adding one-third of part-time students to full-time students. Revenues per FTE were calculated by dividing the total operating revenues for the fiscal year by the opening fall enrollment FTE. The resultant amount may not reflect accurately the actual amount of revenues available for each FTE which was actually served during the fiscal year, since opening fall enrollments are not representative of final FTE enrollment figures for a fiscal year in most cases.

All sources of operating revenues were included, including unrestricted and restricted income. It needs to be emphasized that the only intent of the state-by-state revenue per FTE analysis is to present relative figures for gross comparison purposes among states; any other interpretation of the data might be misleading or inaccurate.

III. Findings

Table I presents the total sources of operating revenue for all public two-year institutions for fiscal years 1977 through 1980. During the four-year fiscal period, sources of funding for all public two-year institutions shifted by almost eight percentage points. Local revenues decreased by 6.9 percentage points, tuition and fees decreased by 0.8 percentage points, and federal funding decreased by 0.2 percentage points. Concurrently, state revenues increased by 6.3 percentage points and other miscellaneous revenues made up the difference in the shift with an increase of 1.6 percentage points. It is evident from Table I that on a national level state governments provided the major portion of funding for public two-year institutions during the four year period and the trend was toward an increasing share of state support with a concomitant decrease in local funding.

TABLE I
 SOURCES OF TOTAL CURRENT FUNDS REVENUES
 OF PUBLIC TWO-YEAR INSTITUTIONS
 FISCAL YEARS 1977-80

<u>Fiscal Year</u>	<u>State</u>	<u>Local</u>	<u>Tuition & Fees</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
<u>1977</u>						
Millions of \$	2,466	1,273	838	394	467	5,438
% of Total	45.4	23.4	15.4	7.2	8.6	100
<u>1978</u>						
Millions of \$	2,742	1,404	876	408	513	5,943
% of Total	46.1	23.6	14.8	6.9	8.6	100
<u>1979</u>						
Millions of \$	3,155	1,208	912	469	594	6,338
% of Total	49.8	19.0	14.4	7.4	9.4	100
<u>1980</u>						
Millions of \$	3,646	1,165	1,027	494	720	7,052
% of Total	51.7	16.5	14.6	7.0	10.2	100

Sources of Data: Breneman & Nelson, Financing Community Colleges
 An Economic Perspective, Table 1-6, p. 17, and
 unpublished NCES FY1980 financial statistics.
 Figures are for aggregate United States.

On a national level, full-time equivalent enrollments increased two percent from 2,291,670 in the fall of 1976 to 2,330,434 in the fall of 1979. When California is excluded, the rest of the nation experienced a four percent increase in FTE enrollments over the four year period. In the fall of 1976, of the 3,751,786 students enrolled in public two-year institutions, 58 percent were enrolled on a part-time basis and 42 percent were enrolled on a full-time basis. By the fall of 1979, these same figures were 64 percent part-time and 36 percent full-time, resulting in a six percentage point increase in part-time enrollments. The total number of students enrolled in public two-year institutions in the fall of 1979 was 4,056,810, amounting to an eight percent increase in student enrollments over the four year period.

Tables IIA, B, and C present changes in FTE enrollments from the fall of 1976 to the fall of 1979 by state.

TABLE IIA - LARGE SIZE CLUSTER
 COMPARISON OF FALL 1976 AND FALL 1979
 FULL-TIME EQUIVALENT ENROLLMENTS IN PUBLIC TWO-YEAR
 INSTITUTIONS, BY STATE, BY RANK ORDER
 OF FALL 1979 FTE

Rank Order By Fall 1979 FTE	State	Rank Order By 1980 Census	Fall 1976 FTE	Fall 1979 FTE	% Change 1976-79 FTE	National Ranking % Change 76-79 FTE
1	California	1	573,309	542,850	(5)%	26
2	New York	2	173,740	175,062	1	20
3	Texas	3	144,063	149,615	4	17
4	Illinois	5	148,558	146,346	(2)	23
5	Florida	7	111,713	119,315	7	14
6	Washington	20	87,913	106,866	22	5
7	Michigan	8	99,306	105,830	7	14
8	Ohio	6	65,422	68,175	4	17
9	Pennsylvania	4	66,598	64,842	(3)	24
10	North Carolina	10	61,373	63,354	3	18
10	TOTAL		1,531,995	1,542,255	1 %	

Sources of Data: Pepin, Opening Fall Enrollment in Higher Education, 1976 and 1979; U.S. Department of Commerce Bureau of the Census, 1980 population census data for the U.S.

TABLE IIB - MEDIUM SIZE CLUSTER

COMPARISON OF FALL 1976 AND FALL 1979
 FULL-TIME EQUIVALENT ENROLLMENTS IN PUBLIC TWO-YEAR
 INSTITUTIONS, BY STATE, BY RANK ORDER
 OF FALL 1979 FTE

Rank Order By Fall 1979 FTE	State	Rank Order By 1980 Census	Fall 1976 FTE	Fall 1979 FTE	% Change 1976-79 FTE	National Ranking % Change 76-79 FTE
11	New Jersey	9	55,037	59,963	9 %	12
12	Virginia	14	49,327	55,791	13	9
13	Arizona	29	51,400	52,512	2	19
14	Wisconsin	16	47,595	48,932	3	18
15	Maryland	18	45,847	48,188	5	16
16	Massachusetts	11	41,057	42,058	2	19
17	Oregon	30	39,843	41,388	4	17
18	Mississippi	31	27,342	28,564	5	16
19	South Carolina	24	25,033	27,468	10	11
20	Missouri	15	31,479	26,646	(15)	29
21	Alabama	22	30,255	26,380	(13)	28
22	Tennessee	17	21,723	26,359	21	6
23	Oklahoma	26	26,197	25,969	(1)	22
24	Iowa	27	24,023	25,375	6	15
25	Colorado	28	25,076	24,526	(2)	23
26	Minnesota	21	22,151	23,779	7	14
27	Georgia	13	27,658	23,457	(15)	29
28	Connecticut	25	21,057	22,578	7	14
29	Kansas	32	18,911	21,214	12	10
30	Indiana	12	10,766	14,666	36	1
31	Hawaii	39	13,689	12,654	(8)	27
32	Nebraska	35	10,995	11,841	8	13
33	Kentucky	23	12,035	11,448	(5)	26
23	TOTAL		678,496	701,756	3 %	

Sources of Data: Pepin, Opening Fall Enrollment in Higher Education, 1976 and 1979; U.S. Department of Commerce Bureau of the Census, 1980 population census data for the U.S.

TABLE IIC - SMALL SIZE CLUSTER
 COMPARISON OF FALL 1976 AND FALL 1979
 FULL-TIME EQUIVALENT ENROLLMENTS IN PUBLIC TWO-YEAR
 INSTITUTIONS, BY STATE, BY RANK ORDER
 OF FALL 1979 FTE

Rank Order By Fall 1979 FTE	State	Rank Order By 1980 Census	Fall 1976 FTE	Fall 1979 FTE	% Change 1976-79 FTE	National Ranking % Change 76-79 FTE
34	Utah	36	9,016	9,310	3 %	18
35	Louisiana	19	9,887	8,428	(15)	29
36	Nevada	43	5,932	7,502	27	3
37	Arkansas	33	5,915	7,400	25	4
38	Rhode Island	40	6,083	7,211	19	8
39	Wyoming	49	6,249	6,239	-	21
40	North Dakota	46	6,428	6,144	(4)	25
41	West Virginia	34	6,664	5,467	(18)	30
42	New Mexico	37	4,527	5,452	20	7
43	Alaska	50	3,967	5,314	34	2
44	Delaware	47	3,882	4,258	10	11
45	Maine	38	3,332	4,024	21	6
46	Idaho	41	3,339	3,569	7	14
47	New Hampshire	42	3,205	3,343	4	17
48	Montana	44	1,691	1,360	(20)	31
49	Vermont	48	1,062	1,116	5	16
50	South Dakota	45	0	286	-	21
17	TOTAL		81,179	86,423	6 %	

Sources of Data: Pepin, Opening Fall Enrollment in Higher Education, 1976 and 1979; U.S. Department of Commerce Bureau of the Census, 1980 population census data for the U.S.

On a national level, FY1977 total operating revenue per fall 1976 FTE amounted to \$2,361. Twenty-four of the states exceeded this weighted average amount and twenty-six of the states fell below that level. The FY1980 total operating revenue per fall 1979 FTE was \$3,011. Thirty-two of the states exceeded the weighted average amount and eighteen of the states fell below that level. This unusual split reflects the effect that California had on pulling the weighted average down, since California's FY1980 revenue per FTE was nearly \$200 less than the national average.

The increase in revenue per FTE from \$2,361 in FY1977 to \$3,011 in FY1980 amounts to a 28 percent increase over the four year period. In contrast, during this same period, the Consumer Price Index (CPI-U), which measures a fixed market basket of goods and services, based on a sampling of prices in a large number of cities throughout the U.S., to determine changes in the cost of living, measured a 37.7 percent increase. During the same period, the Higher Education Price Index (HEPI), which measures average changes in prices of goods and services purchased by colleges and universities through current-fund educational and general expenditures, measured a 26.3 percent increase.

Tables IIIA, B, and C present comparisons of the revenue per FTE and national rankings for FY1977 and FY1980 by state, and the percentage increase in revenue per FTE and national ranking over the four year period by state.

TABLE IIIA - LARGE SIZE CLUSTER

COMPARISON OF FY1977 AND FY1980 TOTAL CURRENT FUNDS REVENUES PER FALL 1976 AND FALL 1979 FULL-TIME EQUIVALENT ENROLLMENTS IN PUBLIC TWO-YEAR INSTITUTIONS, BY STATE, BY RANK ORDER OF FALL 1979 FTE

Rank Order By Fall 1979 FTE	State	FY77 Revenue Per Fall 1976 FTE		FY80 Revenue Per Fall 1979 FTE		Percent Increase FY77-80 Rev/FTE	
		\$	Natl Rank	\$	Natl Rank	%	Natl Rank
1	California	2,280	30	2,815	36	23 %	20
2	New York	2,820	11	3,461	14	23	20
3	Texas	2,360	25	3,179	23	35	10
4	Illinois	2,133	34	2,603	42	22	21
5	Florida	2,346	26	3,038	29	29	15
6	Washington	1,799	42	2,241	47	25	18
7	Michigan	2,507	19	3,047	28	22	21
8	Ohio	2,430	23	3,034	32	25	18
9	Pennsylvania	2,503	20	3,076	26	23	20
10	North Carolina	2,564	17	3,337	19	30	14
Cluster Weighted Mean		2,354		2,939		25 %	
National Weighted Mean		2,361		3,011		28 %	

Sources of Data: Brandt, Financial Statistics of Institutions of Higher Education, Fiscal Year 1977; unpublished NCES FY1980 financial statistics; Pepin, Opening Fall Enrollment in Higher Education, 1976 and 1979.

TABLE IIIB - MEDIUM SIZE CLUSTER

COMPARISON OF FY1977 AND FY1980 TOTAL CURRENT FUNDS
REVENUES PER FALL 1976 AND FALL 1979 FULL-TIME
EQUIVALENT ENROLLMENTS IN PUBLIC TWO-YEAR INSTITUTIONS,
BY STATE, BY RANK ORDER OF FALL 1979 FTE

Rank Order By Fall 1979 FTE	State	FY77 Revenue Per Fall 1976 FTE		FY80 Revenue Per Fall 1979 FTE		Percent Increase FY77-80 Rev/FTE	
		\$	Natl Rank	\$	Natl Rank	%	Natl Rank
11	New Jersey	2,323	28	2,895	34	25 %	18
12	Virginia	1,785	43	2,293	45	28	16
13	Arizona	2,025	37	2,643	41	31	13
14	Wisconsin	3,596	3	4,791	6	33	12
15	Maryland	2,491	21	3,226	21	30	14
16	Massachusetts	1,720	46	2,180	48	27	17
17	Oregon	2,769	13	3,722	11	34	11
18	Mississippi	2,282	29	3,088	25	35	10
19	South Carolina	2,123	36	3,153	24	49	5
20	Missouri	2,260	31	3,055	27	35	10
21	Alabama	1,835	39	2,586	43	41	8
22	Tennessee	2,161	33	2,672	39	24	19
23	Oklahoma	1,822	40	2,713	38	49	5
24	Iowa	3,893	2	4,849	5	25	18
25	Colorado	2,459	22	3,318	20	35	10
26	Minnesota	2,366	24	3,037	30	28	16
27	Georgia	2,125	35	2,873	35	35	10
28	Connecticut	1,739	45	2,279	46	31	13
29	Kansas	2,847	10	3,425	17	20	22
30	Indiana	1,657	48	2,808	37	69	2
31	Hawaii	1,806	41	2,452	44	36	9
32	Nebraska	2,874	9	3,676	12	28	16
33	Kentucky	1,597	49	1,820	50	14	24
Cluster Weighted Mean		2,319		3,058		32 %	
National Weighted Mean		2,361		3,011		28 %	

Sources of Data: Brandt, Financial Statistics of Institutions of Higher Education, Fiscal Year 1977; unpublished NCES FY1980 financial statistics; Pepin, Opening Fall Enrollment in Higher Education, 1976 and 1979.

TABLE IIIC - SMALL SIZE CLUSTER

COMPARISON OF FY1977 AND FY1980 TOTAL CURRENT FUNDS
REVENUES PER FALL 1976 AND FALL 1979 FULL-TIME
EQUIVALENT ENROLLMENTS IN PUBLIC TWO-YEAR INSTITUTIONS,
BY STATE, BY RANK ORDER OF FALL 1979 FTE

Rank Order By Fall 1979 FTE	State	FY77 Revenue Per		FY80 Revenue Per		Percent Increase	
		Fall 1976 FTE		Fall 1979 FTE		FY77-80 Rev/FTE	
		\$	Natl Rank	\$	Natl Rank	%	Natl Rank
34	Utah	2,761	14	3,937	10	43 %	7
35	Louisiana	1,931	38	3,034	31	57	3
36	Nevada	1,718	47	2,033	49	18	23
37	Arkansas	2,339	27	3,443	16	47	6
38	Rhode Island	2,795	12	2,985	33	7	25
39	Wyoming	3,222	6	5,013	4	56	4
40	North Dakota	2,690	15	3,571	13	33	12
41	West Virginia	1,783	44	2,650	40	49	5
42	New Mexico	3,142	8	5,451	3	73	1
43	Alaska	8,559	1	8,599	2	-	26
44	Delaware	2,614	16	3,360	18	29	15
45	Maine	3,422	5	4,631	8	35	10
46	Idaho	3,503	4	4,194	9	20	22
47	New Hampshire	2,254	32	3,224	22	43	7
48	Montana	2,531	18	3,444	15	36	9
49	Vermont	3,169	7	4,727	7	49	5
50	South Dakota	0	50	9,762	1	-	26
Cluster Weighted Mean		2,841		3,923		38 %	
National Weighted Mean		2,361		3,011		28 %	

Sources of Data: Brandt, Financial Statistics of Institutions of Higher Education, Fiscal Year 1977; unpublished NCES FY1980 financial statistics; Pepin, Opening Fall Enrollment in Higher Education, 1976 and 1979.

In FY1980, of the eighteen states with revenues per FTE below \$3,011, only four, California, Illinois, New Jersey, and Arizona, relied upon local sources as a major portion of funding, and with the exclusion of the latter three states, the remaining fifteen states received more than half of their support from state funding. Of the thirty-two states with revenues above the weighted average of \$3,011, eighteen received more than 10 percent of their funding from local sources. Fourteen of the states received over one-half of their funding from state sources, and eight of these fourteen states served less than 10,000 FTE. Since only three of the seventeen states with less than 10,000 FTE received less revenue per FTE than the national average, and since most of these states were predominantly state-supported and received less than 20 percent of their revenues from tuition and fees, it appears that in FY1980 states with smaller community college systems were willing to provide more than average levels of state support in comparison with the nation as a whole. This conclusion is supported also by the fact that the cluster weighted mean for FY1980 for the states with less than 10,000 FTE is significantly higher than the national weighted mean. Eleven of the seventeen states in this grouping ranked in the top sixteen states nationally in terms of high revenue per FTE.

On a national level, in FY1977 twenty-four states received more than half of their funding from state sources, twelve states received between 40 and 50 percent from state sources, and thirteen received less than 40 percent of their revenues from state sources. South Dakota did not have any community colleges at this time. Sixteen states received no local funding, eleven received between one and nine percent local funding, and twenty-two states received ten or more percent of their total revenues from local sources. Tuition and fees revenue as a percentage of total revenues was aggregated among the states as follows: two states had greater than 30 percent; fifteen states had between 20 and 30 percent; fifteen states had between 15 and 20 percent; eleven states had between 10 and 15 percent; and in six states less than 10 percent of the total revenues were derived from tuition and fees.

In FY1980, twenty-nine states had 50 percent or more of their total funding supported by state sources, ten states had between 40 and 50 percent, and eleven states had less than 40 percent funding from state sources. Sixteen states received no local funding, twelve states received between one and nine percent local funding, and twenty-two states received ten or more percent of their total revenues from local sources. Tuition and fees revenue as a percentage of total revenues was aggregated among the states as follows: one state had greater than

30 percent; thirteen states had between 20 and 30 percent; twelve states had between 15 and 20 percent; sixteen states had between 10 and 15 percent; and in eight states less than 10 percent of the total revenues were derived from tuition and fees.

Tables IVA1 and 2 present percentages of sources of revenues and total revenues for FY1977 and FY1980 for those states in the large size cluster.

TABLE IVA1 - LARGE SIZE CLUSTER

SOURCES OF TOTAL CURRENT FUNDS REVENUES OF PUBLIC TWO-YEAR INSTITUTIONS, BY STATE, BY RANK ORDER OF FALL 1979 FTE, FISCAL YEAR 1977

Rank Order By Fall 1979 FTE	State	Percent of Total Revenues					Total Thous. of \$
		State	Local	Tuition & Fees	Federal	Other	
1	California	40	46	2	7	5	1,307,125
2	New York	39	23	28	4	6	489,949
3	Texas	57	11	13	5	14	339,995
4	Illinois	38	30	19	6	7	316,906
5	Florida	63	0	22	8	7	262,068
6	Washington	67	1	9	9	14	158,182
7	Michigan	41	20	23	8	8	248,985
8	Ohio	48	11	27	4	10	158,961
9	Pennsylvania	34	15	34	7	10	166,664
10	North Carolina	71	10	7	6	6	157,366
Range / Total \$		34-71	0-46	2-34	4-9	5-14	3,606,201
Cluster Weighted Average with California		46	26	14	6	8	
Cluster Weighted Average without California		49	15	21	6	9	
National Weighted Average		45	24	15	7	9	

Source of Data: Brandt, Financial Statistics of Institutions of Higher Education, Fiscal Year 1977.

TABLE IVA2 - LARGE SIZE CLUSTER

SOURCES OF TOTAL CURRENT FUNDS REVENUES OF PUBLIC
TWO-YEAR INSTITUTIONS, BY STATE, BY RANK ORDER OF
FALL 1979 FTE, FISCAL YEAR 1980

Rank Order By Fall 1979 FTE	State	Percent of Total Revenues					Total Thous. of \$
		State	Local	Tuition & Fees	Federal	Other	
1	California	65	19	2	6	8	1,527,894
2	New York	40	21	26	5	8	605,889
3	Texas	56	11	13	4	16	475,699
4	Illinois	35	33	18	5	9	380,875
5	Florida	62	0	21	8	9	362,425
6	Washington	69	1	11	7	12	239,497
7	Michigan	40	21	22	8	9	322,448
8	Ohio	50	10	26	4	10	206,828
9	Pennsylvania	30	17	36	5	12	199,451
10	North Carolina	70	11	6	6	7	211,398
Range / Total \$		30-70	0-33	2-36	4-8	7-16	4,532,404
Cluster Weighted Average with California		54	16	14	6	10	
Cluster Weighted Average without California		49	15	20	6	10	
National Weighted Average		52	16	15	7	10	

Source of Data: Unpublished NCES FY1980 financial statistics.

In both FY1977 and FY1980, of the ten largest community college systems in the nation, only one, Florida, had no local revenues, and Washington had only one percent of its funding from local resources. The other eight states had 10 percent or more of their total funding supported from local revenues. Four states, including Texas, Florida, Washington, and North Carolina, received more than half of their total revenues from state sources in FY1977. California was added to that group in FY1980. Six of the states experienced decreases in the percentage of total revenues received from tuition and fees over the four year period, California and Texas remained stable, and Washington and Pennsylvania increased their revenues from tuition and fees by two percentage points each in relation to total revenues.

During the four year period the sources of funding for nine of the ten states did not shift by more than four percentage points. Only California experienced a significant shift in funding resources: state revenues increased from 40 percent of total revenues in FY1977 to 65 percent in FY1980, and local funding decreased from 46 percent of total revenues in FY1977 to 19 percent in FY1980. Because of the size of California's system in relation to the rest of the nation, the change in its funding resources affected the weighted average statistics for the cluster significantly. If California is omitted

from the analysis, the sources of funding for the other nine largest community college systems in the nation remained relatively stable from FY1977 to FY1980, both on an aggregate and an individual basis.

Tables IVB1 and 2 present percentages of sources of revenues and total revenues for FY1977 and FY1980 for those states in the medium size cluster.

TABLE IVB1 - MEDIUM SIZE CLUSTER

SOURCES OF TOTAL CURRENT FUNDS REVENUES OF PUBLIC TWO-YEAR INSTITUTIONS, BY STATE, BY RANK ORDER OF FALL 1979 FTE, FISCAL YEAR 1977

Rank Order By Fall 1979 FTE	State	Percent of Total Revenues					Total Thous. of \$
		State	Local	Tuition & Fees	Federal	Other	
11	New Jersey	27	33	26	5	9	127,826
12	Virginia	66	0	23	9	2	88,053
13	Arizona	29	39	11	10	11	104,062
14	Wisconsin	29	46	11	6	8	171,163
15	Maryland	36	27	25	5	7	114,216
16	Massachusetts	57	5	22	10	6	70,624
17	Oregon	34	30	16	10	10	110,325
18	Mississippi	42	15	14	13	16	62,405
19	South Carolina	50	8	19	16	7	53,153
20	Missouri	36	22	22	11	9	71,137
21	Alabama	57	0	16	13	14	55,530
22	Tennessee	66	0	15	10	9	46,941
23	Oklahoma	53	7	16	6	18	47,722
24	Iowa	45	11	18	13	13	93,510
25	Colorado	48	9	17	16	10	61,668
26	Minnesota	58	0	23	8	11	52,409
27	Georgia	49	4	23	8	16	58,787
28	Connecticut	68	0	19	7	6	36,609
29	Kansas	25	33	14	16	12	53,831
30	Indiana	32	2	33	4	29	17,842
31	Hawaii	70	1	6	15	8	24,716
32	Nebraska	40	31	13	8	8	31,599
33	Kentucky	62	0	26	0	12	19,215
Range / Total \$		25-70	0-46	6-33	0-16	2-29	1,573,343
Cluster Weighted Average		43	20	18	9	10	
National Weighted Average		45	24	15	7	9	

Source of Data: Brandt, Financial Statistics of Institutions of Higher Education, Fiscal Year 1977.

TABLE IVB2 - MEDIUM SIZE CLUSTER

SOURCES OF TOTAL CURRENT FUNDS REVENUES OF PUBLIC
TWO-YEAR INSTITUTIONS, BY STATE, BY RANK ORDER OF
FALL 1979 FTE, FISCAL YEAR 1980

Rank Order By Fall 1979 FTE	State	Percent of Total Revenues					Total Thous. of \$
		State	Local	Tuition & Fees	Federal	Other	
11	New Jersey	31	29	23	7	10	173,578
12	Virginia	71	1	17	10	1	127,932
13	Arizona	23	42	11	11	13	138,782
14	Wisconsin	28	44	10	7	11	234,409
15	Maryland	34	29	23	6	8	155,433
16	Massachusetts	65	0	21	8	6	91,696
17	Oregon	34	31	14	9	12	154,045
18	Mississippi	46	13	13	12	16	88,216
19	South Carolina	53	6	18	16	7	86,607
20	Missouri	40	23	19	7	11	81,398
21	Alabama	59	0	16	15	10	68,224
22	Tennessee	67	0	13	10	10	70,431
23	Oklahoma	60	6	11	4	19	70,463
24	Iowa	46	9	17	12	16	123,037
25	Colorado	44	11	20	13	12	81,383
26	Minnesota	57	0	21	10	12	72,217
27	Georgia	56	4	17	9	14	67,391
28	Connecticut	68	0	16	11	5	51,447
29	Kansas	27	36	12	11	14	72,665
30	Indiana	50	1	25	3	21	41,178
31	Hawaii	79	0	5	8	8	31,033
32	Nebraska	39	31	14	6	10	43,527
33	Kentucky	69	0	21	0	10	20,834
Range / Total \$		23-79	0-44	5-25	0-16	1-21	2,145,926
Cluster Weighted Average		45	19	16	9	11	
National Weighted Average		52	16	15	7	10	

Source of Data: Unpublished NCES FY1980 financial statistics.

Of the twenty-three states with between 10,000 and 60,000 FTE, during FY1977 six states received no local support and seven more received less than 10 percent of their revenues from local sources. Twelve of these same states received less than 10 percent local funding in FY1980. Iowa decreased in local support from 11 percent to 9 percent of total revenues from FY1977 to FY1980. Colorado increased from 9 percent to 11 percent in local resources as a percentage of total revenues from FY1977 to FY1980. The remaining nine states continued to receive more than 10 percent of their total funding from local sources. In FY1977, nine of the states in this cluster received more than one-half of their total support from state revenues. Between FY1977 and FY1980, South Carolina increased its state funding from 50 percent to 53 percent of total revenues. During the same period Georgia increased its support from state sources from 49 percent to 56 percent of its total revenues. Therefore, in FY1980, eleven states in the medium cluster (48 percent) received greater than half of their support from state sources. The most noteworthy change from FY1977 to FY1980 was the decrease in nineteen of the twenty-three states in the percentage of total revenues provided by tuition and fees. Arizona and Alabama received the same percentage of total revenues from tuition and fees in both fiscal years, and only Colorado (3 percentage points) and Nebraska

(1 percentage point) increased their percentage of funding from tuition and fees over the four year period.

The following states had a shift of five or more percentage points from one revenue source to another from FY1977 to FY1980: Virginia (+5 in state support and -6 in tuition and fees support); Arizona (-6 in state support); Massachusetts (+8 in state support and -5 in local support); Oklahoma (+7 in state support and -5 in tuition and fees support); Georgia (+7 in state support and -6 in tuition and fees support); Indiana (+18 in state support, -8 in tuition and fees support, and -8 in other support); Hawaii (+9 in state support and -7 in federal support); and Kentucky (+7 in state support and -5 in tuition and fees support).

Whether these shifts in funding are simply a function of a change in reporting procedures or were actual changes in sources of support, only one state, Massachusetts, of the entire group of twenty-three states had a shift in funding from local support to state support of any consequence; that change reduced the local support for Massachusetts from 5 percent of total revenues to zero percent.

Tables IVCl and 2 present percentages of sources of revenues and total revenues for FY1977 and FY1980 for those states in the small size cluster.

TABLE IV C1 - SMALL SIZE CLUSTER

SOURCES OF TOTAL CURRENT FUNDS REVENUES OF PUBLIC
TWO-YEAR INSTITUTIONS, BY STATE, BY RANK ORDER OF
FALL 1979 FTE, FISCAL YEAR 1977

Rank Order By Fall 1979 FTE	State	Percent of Total Revenues					Total Thous. of \$
		State	Local	Tuition & Fees	Federal	Other	
34	Utah	59	0	13	12	16	24,897
35	Louisiana	62	1	18	11	8	19,090
36	Nevada	70	0	17	8	5	10,189
37	Arkansas	59	3	13	14	11	13,838
38	Rhode Island	71	0	19	2	8	17,000
39	Wyoming	46	25	10	5	14	20,134
40	North Dakota	43	3	19	10	25	17,291
41	West Virginia	56	0	20	9	15	11,885
42	New Mexico	24	18	16	8	34	14,222
43	Alaska	80	0	8	1	11	33,954
44	Delaware	74	0	14	12	0	10,148
45	Maine	61	0	19	13	7	11,402
46	Idaho	46	14	9	19	12	11,698
47	New Hampshire	66	0	21	8	5	7,223
48	Montana	33	26	11	22	8	4,280
49	Vermont	45	0	21	10	24	3,365
50	South Dakota	0	0	0	0	0	0
Range / Total \$		0-80	0-26	0-21	0-22	0-34	230,616
Cluster Weighted Average		59	5	14	9	13	
National Weighted Average		45	24	15	7	9	

Source of Data: Brandt, Financial Statistics of Institutions of Higher Education, Fiscal Year 1977.

TABLE IVC2 - SMALL SIZE CLUSTER

SOURCES OF TOTAL CURRENT FUNDS REVENUES OF PUBLIC
TWO-YEAR INSTITUTIONS, BY STATE, BY RANK ORDER OF
FALL 1979 FTE, FISCAL YEAR 1980

Rank Order By Fall 1979 FTE	State	Percent of Total Revenues					Total Thous. of \$
		State	Local	Tuition & Fees	Federal	Other	
34	Utah	59	0	12	12	17	36,658
35	Louisiana	63	1	17	11	8	25,573
36	Nevada	65	3	14	7	11	15,254
37	Arkansas	64	1	14	12	9	25,477
38	Rhode Island	71	0	17	2	10	21,526
39	Wyoming	49	25	7	4	15	31,273
40	North Dakota	50	3	18	6	23	21,940
41	West Virginia	75	0	4	7	14	14,489
42	New Mexico	27	14	10	23	26	29,719
43	Alaska	76	1	7	7	9	45,693
44	Delaware	77	0	10	13	0	14,308
45	Maine	62	0	15	13	10	18,636
46	Idaho	47	15	11	13	14	14,970
47	New Hampshire	66	0	22	7	5	10,777
48	Montana	46	27	9	9	9	4,684
49	Vermont	40	0	26	8	26	5,275
50	South Dakota	0	0	3	96	1	2,792
Range / Total \$		0-77	0-27	3-26	2-96	0-26	339,044
Cluster Weighted Average		59	5	12	11	13	
National Weighted Average		52	16	15	7	10	

Source of Data: Unpublished NCES FY1980 financial statistics.

Of the seventeen states with small community college systems of less than 10,000 FTE, four, Wyoming, New Mexico, Idaho, and Montana received more than 10 percent of their funding from local sources in both FY1977 and FY1980. New Mexico in both fiscal years and South Dakota in FY1980 were the only two states which received less than 40 percent of their total revenues from state sources. Tuition and fees revenue as a percentage of total revenues decreased in twelve of the seventeen states over the four year period. Noteworthy are West Virginia, which decreased its percentage of revenue from tuition and fees from 20 percent in FY1977 to 4 percent in FY1980, and New Mexico, which decreased tuition and fees revenue from 16 percent of total revenues in FY1977 to 10 percent in FY1980. Only Vermont increased its proportion of tuition and fees revenue by more than three percentage points during the four year period; its state funding decreased by 5 percentage points while its tuition and fees revenue increased by 5 percentage points.

In summary, from FY1977 to FY1980 only two states experienced major shifts in funding, namely California and Indiana, which ranked first in the nation with a 36 percent increase in FTE from the fall of 1976 to the fall of 1979. In addition to California, Massachusetts was the only other state that replaced a significant amount of local funding with state sources.

From FY1977 to FY1980, nine states experienced an increase in tuition and fees revenue as a percentage of total revenues, four states received the same percentage in both fiscal years, and in thirty-seven states tuition and fees revenue declined slightly as a percentage of total revenues.

In 1976 Wattenbarger and Starnes developed a taxonomy of community college state funding allocation patterns which fit four general models of support. The four categories are defined as follows:

1. Negotiated Funding - Allocation of funds is based upon an annual (or biennial) negotiation for a budget, and the funds are then allocated to colleges based on this negotiated budget. Typically, college representatives negotiate with the state legislature and/or a state board empowered with statutory authority to determine funding levels.
2. Unit Rate Funding - A simple formula is used which provides a flat grant per unit of measure, such as full-time equivalent student (FTE), semester credit hours, or faculty positions. Frequently the grant will have a maximum limit, stated in terms of a ceiling percentage of college operating expenses. More complex formulas with multiple flat grant rates differentiated on the basis of institutional size, level of instruction, or type of college are also included in this category.

3. Minimum Foundation Funding - A minimum level of combined state and local support per student or FTE is guaranteed with the state share providing the difference between the amount of local tax funding available at a prescribed minimum millage levy and the established standard.

4. Cost Based Program Funding - Variable funding rates are determined based on multiple cost centers, detailed instructional discipline categories, program functions, and/or budgeted objects of expenditure. The total allocation to the college is the sum of the separate program allocations.

Table V summarizes the number of states within each type of cluster that had each of the four types of funding plans in FY1976 and in FY1981. It is readily apparent from Table V that during the five year period the majority of the states which changed funding plans did so by changing from more complicated types of funding plans, including Cost Based Program Funding and Minimum Foundation Funding, to less complicated types of funding plans, including Negotiated Funding and Unit Rate Funding.

In FY1976, 29 states operated under either a Negotiated Funding or Unit Rate Funding plan. By FY1981, 43 states utilized one of these two types of plans to determine the amount of state support for their public community college systems. This evidence lends support

to the theory that as state funds have become less scarce in the latter part of the 1970s and early 1980s, the amount of state resources to be allocated for community college systems has tended to be determined based upon simplified methods of justification and reliance upon the political process.

Table VI presents changes in types of funding plans from FY1976 to FY1981 by state.

TABLE V
 SUMMARY OF TYPES OF STATE FUNDING PLANS
 FOR U.S. COMMUNITY COLLEGE SYSTEMS FOR
 FISCAL YEARS 1976 AND 1981

Type of Funding Plan	Fiscal Year 1976			
	Large	Medium	Small	Total
Cluster size:				
Negotiated Funding	0	6 ^a	7	13
Minimum Foundation	3 ^b	2	2	7
Unit Rate Funding	4 ^b	9 ^a	3	16
Cost Based Program	4	7	4	15
Subtotal	11	24	16	51
Dual Funding States	- 1	- 1	- 0	- 2
Total States	10	23	16	49

Type of Funding Plan	Fiscal Year 1981			
	Large	Medium	Small	Total
Negotiated Funding	1	8 ^{cd}	12	21
Minimum Foundation	2 ^e	3 ^{dfg}	0	5
Unit Rate Funding	5	13 ^{cf}	4	22
Cost Based Program	3 ^e	3 ^g	0	6
Subtotal	11	27	16	54
Dual Funding States	- 1	- 4	- 0	- 5
Total States	10	23	16	49

^aColorado - dual

^bIllinois - dual

^cColorado - dual

^dIowa - dual

^eIllinois - dual

^fArizona - dual

^gWisconsin - dual

Sources of Data: Wattenbarger & Starnes, Financial Support Patterns for Community Colleges 1976; Dougherty et al., Community Colleges At A Glance 1981-82.

TABLE VI

TYPES OF STATE FUNDING PLANS FOR U.S.
COMMUNITY COLLEGE SYSTEMS, BY STATE,
FOR FISCAL YEARS 1976 AND 1981

<u>NEGOTIATED FUNDING</u>		<u>UNIT RATE FUNDING</u>	
<u>FY 1976</u>	<u>FY 1981</u>	<u>FY 1976</u>	<u>FY 1981</u>
-	(L) California	(L) New York	(L) New York
(M) Virginia	-	-	(L) Texas ³
(M) Massachusetts	-	(L) Illinois ¹	-
-	(M) Mississippi	-	(L) Washington
-	(M) Iowa ²	(L) Ohio	-
(M) Colorado	(M) Colorado ¹	(L) Pennsylvania	(L) Pennsylvania ³
-	(M) Georgia	-	(L) N. Carolina
(M) Connecticut	(M) Connecticut	(M) New Jersey	(M) New Jersey
(M) Indiana	(M) Indiana ³	-	(M) Virginia ¹
-	(M) Nebraska	-	(M) Arizona ¹
(M) Kentucky	(M) Kentucky	(M) Maryland	(M) Maryland
(S) Utah	(S) Utah	(M) Oregon	(M) Oregon
-	(S) Nevada	-	(M) S. Carolina
(S) Rhode Island	(S) Rhode Island	(M) Mississippi	-
-	(S) Wyoming	(M) Missouri	(M) Missouri ³
-	(S) North Dakota	(M) Alabama	(M) Alabama
-	(S) West Virginia	-	(M) Tennessee ³
-	(S) Alaska	(M) Colorado ¹	(M) Colorado ¹
(S) Delaware	(S) Delaware	-	(M) Minnesota
(S) Maine	(S) Maine	(M) Kansas	(M) Kansas
(S) Idaho	(S) Idaho	-	(M) Hawaii
(S) New Hampshire	(S) New Hampshire	(M) Nebraska	-
(S) Vermont	(S) Vermont	-	(S) Louisiana
<u>COST BASED PROGRAM FUNDING</u>		-	(S) Arkansas
(L) Texas	-	(S) North Dakota	-
-	(L) Illinois ¹	(S) Alaska	-
(L) Florida	(L) Florida	-	(S) New Mexico ³
(L) Washington	-	(S) Montana	(S) Montana ³
-	(L) Ohio	<u>MINIMUM FOUNDATION FUNDING</u>	
(L) N. Carolina	-	(L) California	-
(M) S. Carolina	-	(L) Illinois ¹	(L) Illinois ¹
-	(M) Wisconsin ¹	(L) Michigan	(L) Michigan
-	(M) Massachusetts	(M) Arizona	(M) Arizona ^{1,2}
(M) Tennessee	-	(M) Wisconsin	(M) Wisconsin ¹
(M) Oklahoma	(M) Oklahoma	-	(M) Iowa ¹
(M) Iowa	-	(S) Wyoming	-
(M) Minnesota	-	(S) New Mexico	-
(M) Georgia	-		
(M) Hawaii	-		
(S) Louisiana	-		
(S) Nevada	-		
(S) Arkansas	-		
(S) West Virginia	-		

¹Dual funding

²One college

³Cost study in operation

Sources of Data: Wattenbarger & Starnes, Financial Support Patterns for Community Colleges 1976;
Dougherty et al., Community Colleges At A Glance 1981-82.

Negotiated Funding in FY1981

From FY1976 to FY1981, ten states, including one large, four medium, and five small states, changed to Negotiated Funding. Two medium states dropped this type of funding plan, with one state changing to Unit Rate Funding and the other to Cost Based Program Funding.

Minimum Foundation Funding in FY1981

One medium state added a type of Minimum Foundation Funding while three states, including one large and two small states, dropped this type of funding plan. One large and one small state changed to Negotiated Funding and one small state changed to Unit Rate Funding.

Unit Rate Funding in FY1981

Twelve states, including three large, six medium, and three small states, changed to Unit Rate Funding, while six states, including two large, two medium and two small, dropped this type of funding plan. The two large states changed to Cost Based Program Funding while the two medium and two small states changed to Negotiated Funding.

Cost Based Program Funding in FY1981

Four states, including two large and two medium states, changed to Cost Based Program Funding, while thirteen states, including three large, six medium and four small states, dropped this type of funding plan. The three large states changed to Unit Rate Funding. Four medium states changed to Unit Rate Funding, one medium

