



Stronger State Community College Finance as a Lever for Student Success

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About the Project

Partners



Funders



Paving the Way to Equitable, Adequate, and Effective Community College Funding

Project Overview

Project Goals

State Policy Analysis



Determine how state postsecondary finance policies can better deliver adequate and equitable funding models

Institutional Analysis



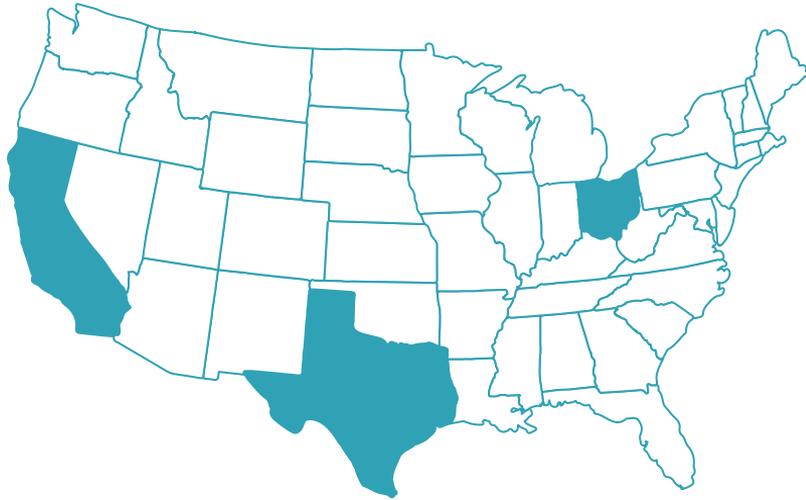
Document student success priorities and initiatives, including efforts to reduce disparities in outcomes by race and income



Understand funding and choices about resource allocation; identify and cost out proven or promising institutional practices

California, Ohio and Texas Community College Funding Systems

Mapping CC Finance Systems



- Variation in location, demographics, size and structure of CCs
- Each has recently sought to change aspects of their CC finance system

CC Governance

CA

A state-level board of governors appointed by the state's governor oversees the CA community college system. A locally elected board of trustees oversees each of the state's 73 college districts.

116 colleges
1.15 million FTEs

OH

OH community colleges are not governed as a system. Community college trustees are appointed according to the type of community college: local, technical or state.

23 colleges
111,676 FTEs

TX

TX community colleges are not governed as a system. The state-level THECB coordinates/regulates the locally elected boards of trustees that govern each of the 50 college districts.

50 colleges
587,381 FTEs

State Appropriations (FY 2020)

- *Variation in the percentage of total revenue coming from the state*
- *Different policies that determine level of appropriations to the CC sector.*

California: 64% from state

- Proposition 98 sets floor for annual CCC system funding based on % of state revenue - roughly 11% of Prop 98 dollars
- Additional restricted state funding varies each year

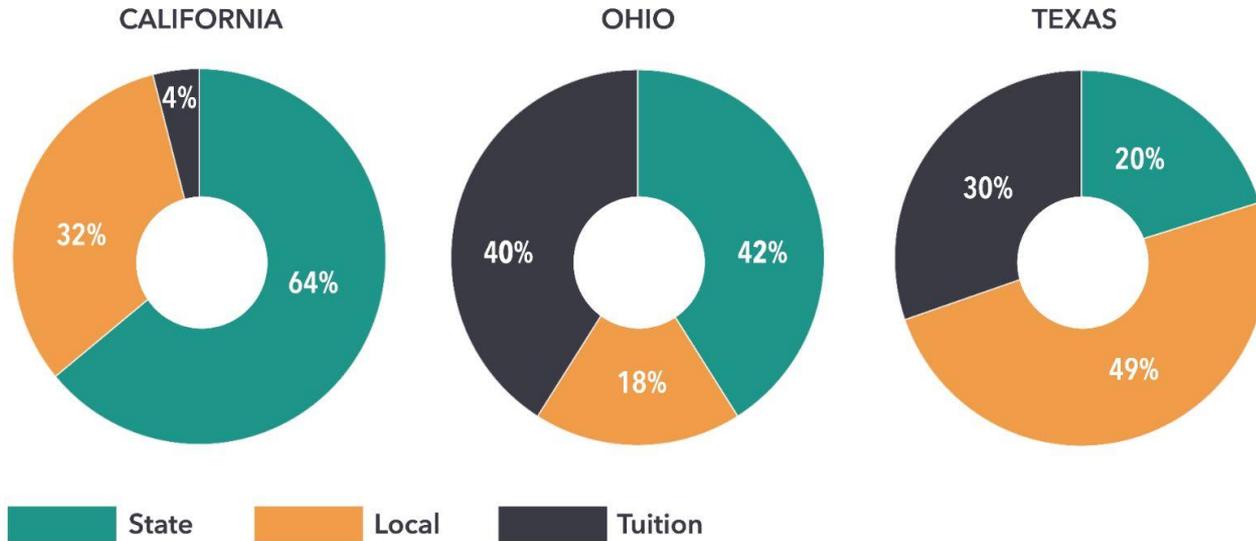
Ohio: 42% from state

- Funding for all postsecondary set each biennium by legislature. Modest annual increases.
- CCs average 23% of total SSI appropriation.

Texas: 20% from state

- Determined by legislature each biennium. Not standardized.

Major Revenue Streams (2020)



Equity Effects

Finance System Effects on Incentives for Equitable Student Access, Equitable Student Outcomes and Equitable Institutional Funding

	Equitable Student Access	Equitable Student Outcomes	Equitable Institutional Funding
CALIFORNIA	Strong positive emphasis/effect	Modest positive emphasis/effect	Strong positive emphasis/effect
OHIO	Strong negative emphasis/effect	Strong positive emphasis/effect	Modest negative emphasis/effect
TEXAS	Strong negative emphasis/effect	Strong negative emphasis/effect	Strong negative emphasis/effect

	Strong positive emphasis/effect		Modest negative emphasis/effect
	Modest positive emphasis/effect		Strong negative emphasis/effect

Mapping CC Funding Systems: Four-Step Process

REVENUE
SOURCES

CONTROLLING
POLICIES

INSTITUTIONAL
INCENTIVES

EQUITY
EFFECTS

Step 1: Map Major Revenue Sources

Step 2: Map Policies

Step 3: Map Incentives

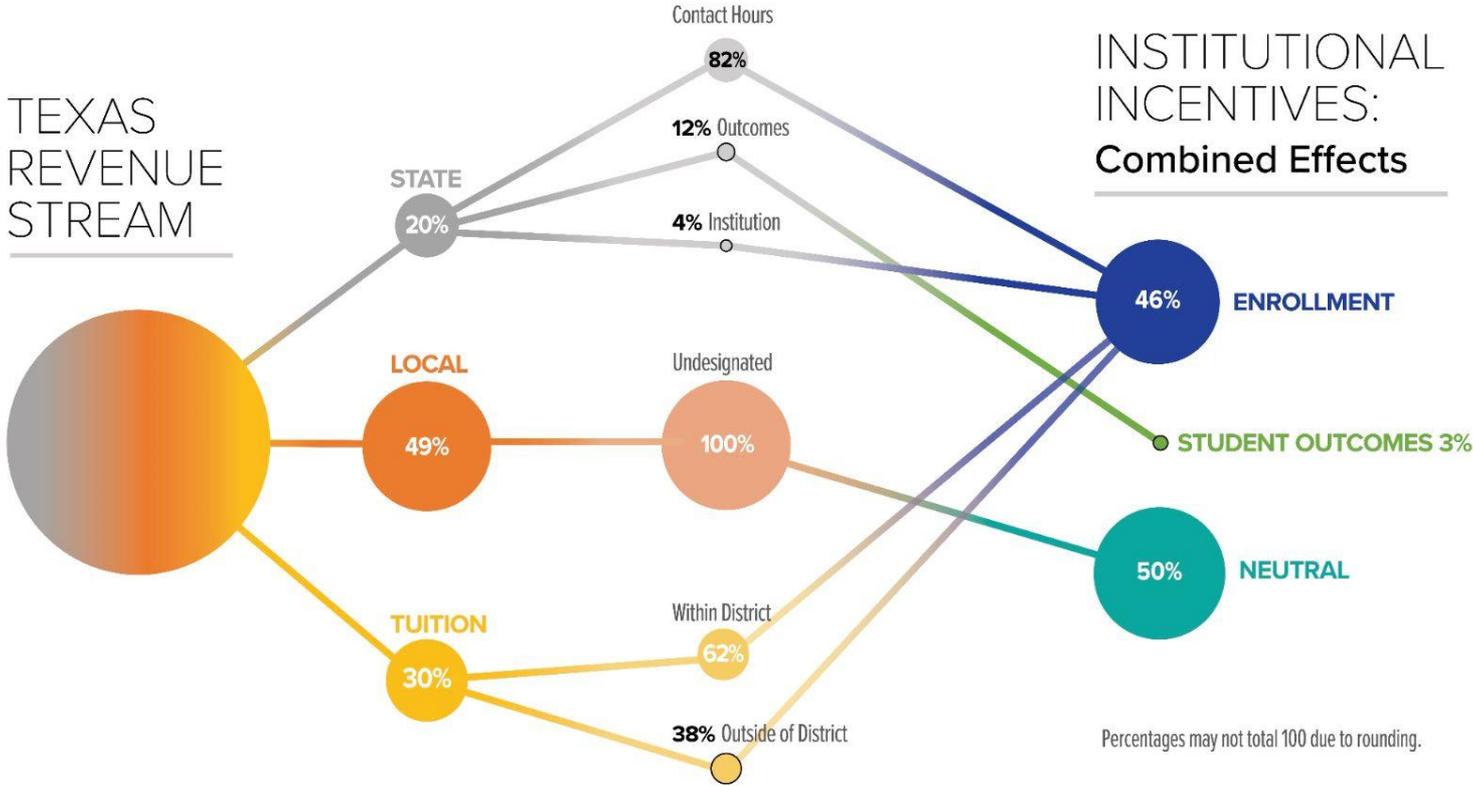
Step 4: Map Equity Implications

CCRC



CALCULATION/ DISTRIBUTION USE POLICY

TEXAS REVENUE STREAM



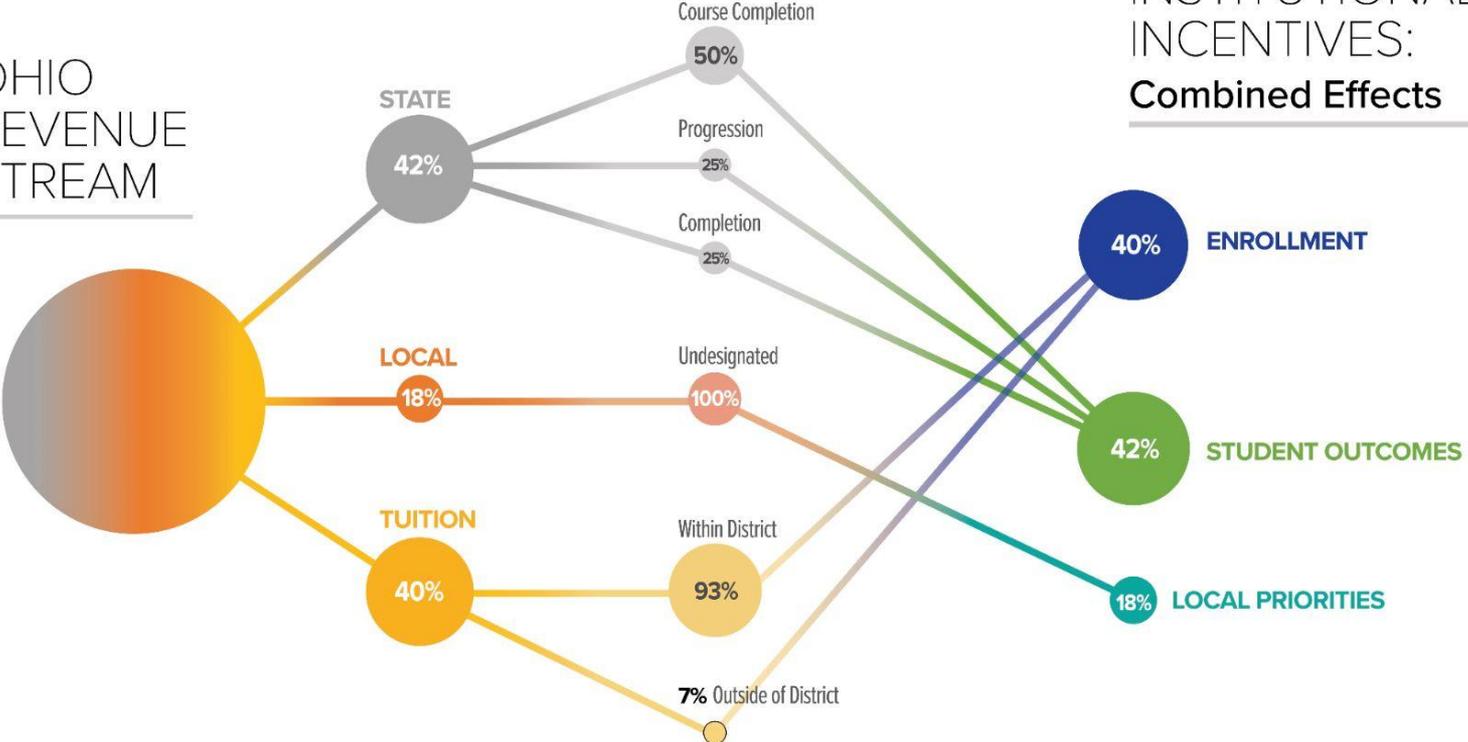
INSTITUTIONAL INCENTIVES: Combined Effects

Percentages may not total 100 due to rounding.



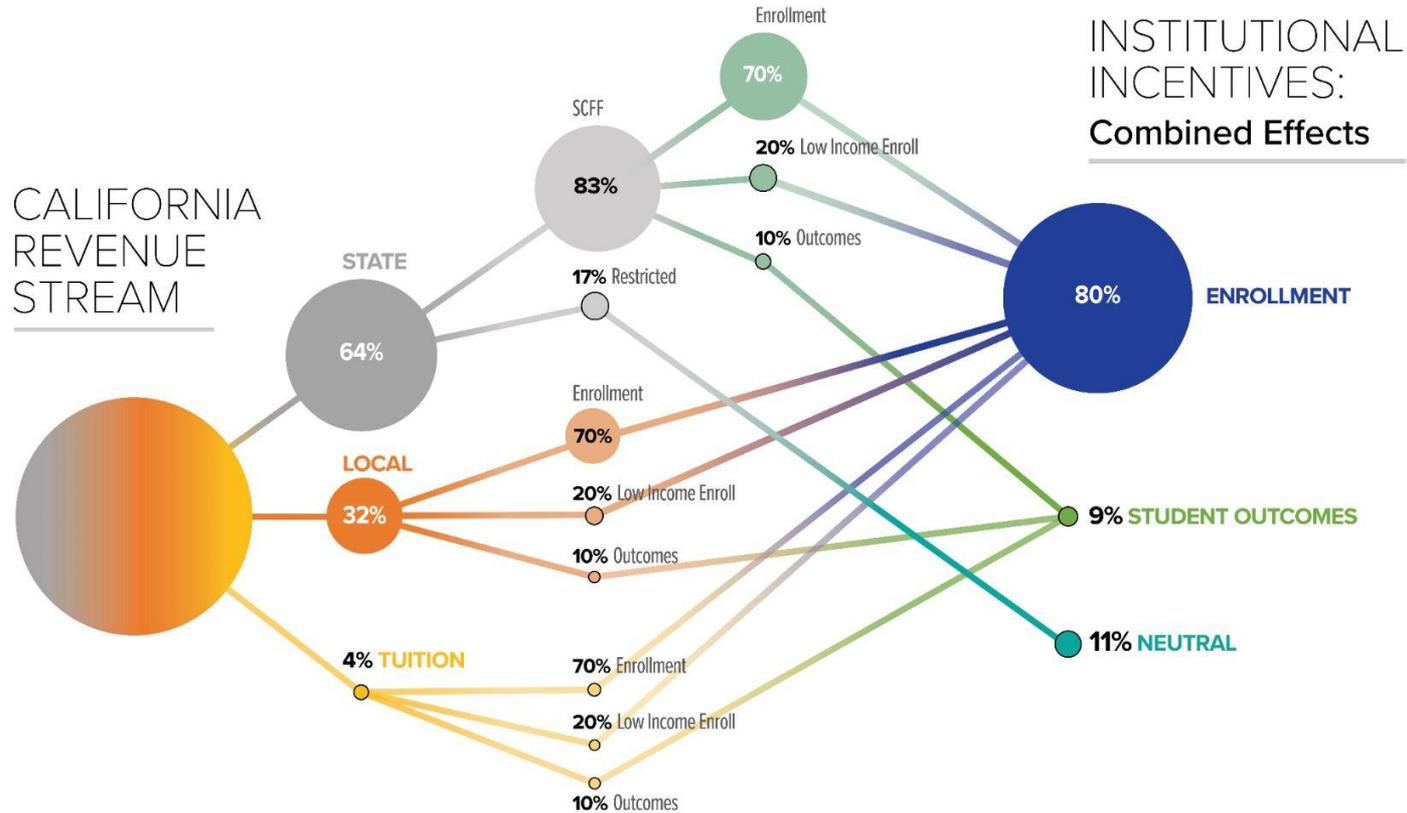
CALCULATION/ DISTRIBUTION USE POLICY

OHIO REVENUE STREAM



INSTITUTIONAL INCENTIVES: Combined Effects

CALCULATION/ DISTRIBUTION USE POLICY



Cross-State Analysis Reveals

- Student outcomes incentives modest across states:
3% TX **8% CA** **21% OH**
- Enrollment incentives strongest across states:
46% TX **80% CA** **62% OH**
- Policy determines whether size, proportion of local revenue drives inequitable institutional funding
 - CA: state policy neutralizes this effect
 - TX: state policy exacerbates this effect
- Student, institutional equity effects are mixed and inconsistent
- Large % of incentive-neutral \$ could be more effective via policy

Implications and Utility to the Field

- Adequate and equitable CC funding is necessary but not sufficient condition to ensure community colleges can meet increasing demands placed upon them
- Field is making strong progress: equity audits, adequacy calculations
- Effective finance policy requires:
 - Clear picture of funding system as a whole: how major revenue streams are calculated, distributed, and used
 - Effects of revenue streams—individually and when taken together—on institutional incentives and equity
 - Identification of most effective levers for reform

Preliminary Insights from the Institutional Analysis

Considerations for Institution-Centered State Policy

Institutional Analysis

Purpose

1. Examine colleges' student success initiatives—how they operate, who they serve, and their resource requirements
2. Situate college policy and practice, including approaches to generate more equitable student outcomes, within the local and state economic and political context

Sample and Data

- 8 community colleges in Texas (2), California (4), and Ohio (2)
- Interviews and focus groups with ~120 institutional stakeholders in diverse roles; document review

Emerging Insights



Proactive steps to reduce barriers to access and increase enrollment

- Expansion of tuition subsidies (e.g., promise programs) and other affordability programs
- Strategic outreach efforts designed to recruit adults and historically underserved students



Increasing investment in basic needs and holistic student supports

- Reliance on grant funding for holistic supports, including those intended to improve outcomes of historically underserved students
- Recruiting and retaining staff challenging amid competitive labor market and reliance on grant funding



Commitment to equity instantiated in institutional strategy

- Efforts to improve outcomes of historically underserved students affected by financial incentives
- Lingering questions about policy and practice changes required to increase equitable attainment



Emerging Insights

- Increasingly popular performance-based funding models attempt to align state and institutional incentives to more explicitly award institutional outcomes
 - Per Rosinger et al. (2022), over 30 states have some form of performance-based or outcomes-based funding for their higher education sectors
- Across our sample states, we observed varying ‘dosages’ of performance-based funding mechanisms
- By explicitly stating outputs or outcomes that should be achieved, while leaving the ‘how’ up to the institutions, performance-based funding models can produce variation at the institutional level

Emerging Insights

- Through our research, we are finding opportunities for states with performance-based funding models to adjust their models to better serve students and bridge gaps for traditionally-underserved students
 - **Opportunity #1:** Institutional-level inequities can be ameliorated at the state level through the inclusion of funding that accounts for the difference between core operating expenses and tax revenue
 - **Opportunity #2:** PBF models can include explicit incentives for student success outcomes centered around non-traditional or underserved students
 - **Opportunity #3:** Community colleges may be incentivized to improve outcomes for shorter-term credentials, which may ultimately better reflect the needs of adult learners and the broader workforce

“Ohio’s change to performance funding really highlighted the role of community college education, and students 25 years or older... I think that was something we took note of, and that maybe we hadn’t been really focused on that particular population”

- College Administrator

Putting the Work in Context

Discussion with Jack Hershey, President & CEO Ohio Association of
Community Colleges

Discussion Questions

- How can this type of analysis help state policymakers understand and inform state investment in community colleges?
- How can institutional leaders use this work to inform campus-level investments and better advocate for state support to impact student success?
- What other resources or policies may not be captured in this analysis that could influence or impact college budgeting and decision making?

Audience Q&A