

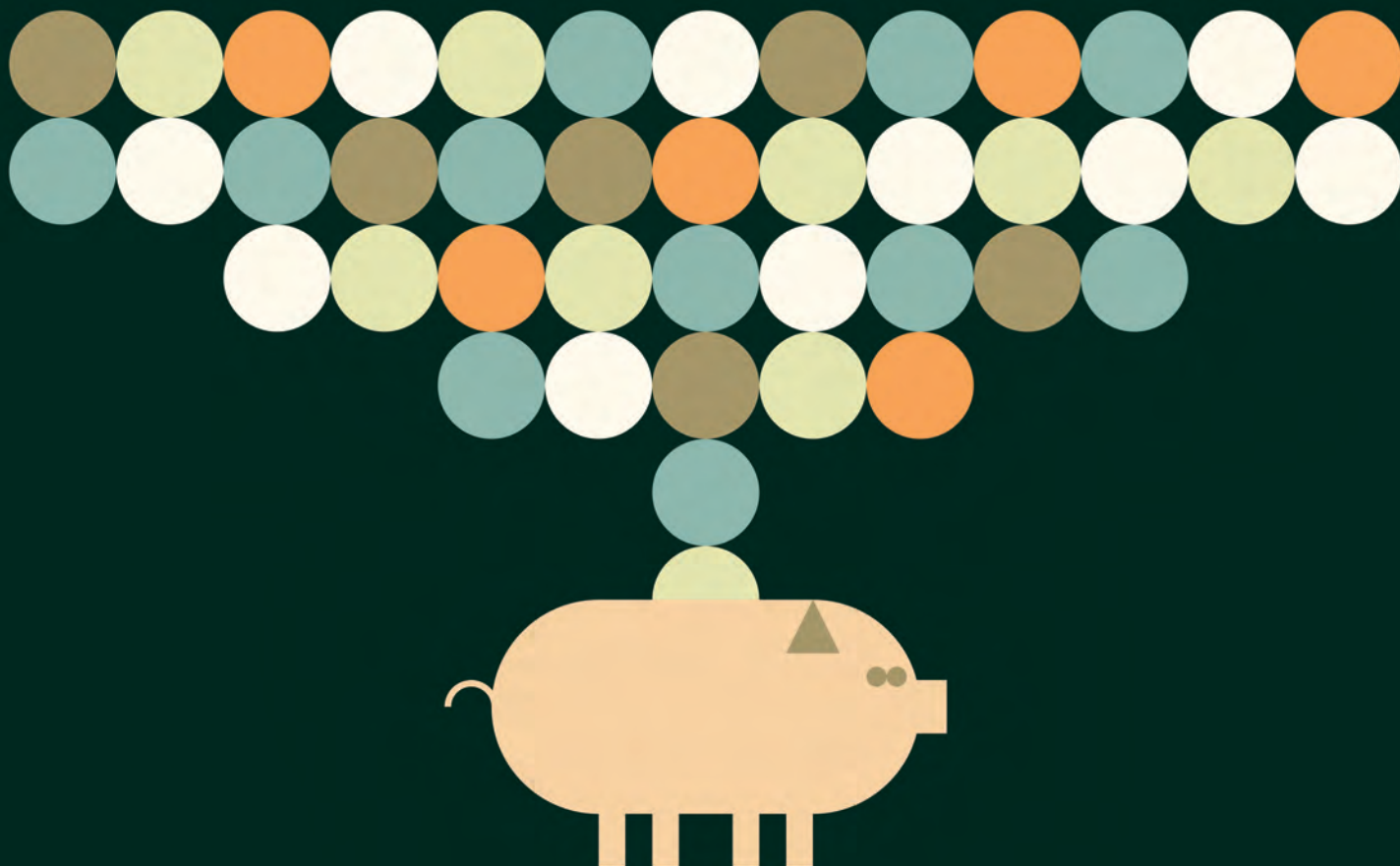
DOES COMMUNITY COLLEGE FUNDING FIT TODAY'S STUDENTS?

Traditional one-size-fits-all models often shortchange nontraditional learners. New models can meet changing needs.

By Tamar Jacoby

COMMUNITY COLLEGE STUDENTS WERE NEVER JUST A MIRROR OF THOSE AT FOUR-YEAR INSTITUTIONS — even at the dawn of the community college movement, learners were more varied and attracted to college for a broader range of educational outcomes. But demographic shifts and the technological change upending U.S. workplaces today have sharpened the differences between the two student bodies, and community college funding isn't keeping up.

Federal student aid still favors credit-seeking students over noncredit learners. Funding prioritizes instruction without enough thought for related services. And most state community college spending still mirrors funding for four-year institutions: per-student subsidies based on time spent in the classroom — a one-size-fits-all model that often shortchanges nontraditional learners.



Today's community college students are at once older and younger than traditional college-age learners: either dual enrollment high school students seeking a leg up on college or mid-career adults returning to school to improve their position in the labor market. A growing number study part-time. Many seek alternative credentials — sub-baccalaureate, nondegree, and industry credentials, among others — instead of or alongside traditional academic degrees. And learners often need different services than traditional college-age students: enhanced student supports and more robust career services.

Some states are adjusting their funding formulas to respond to changing two-year enrollments. Some use performance-based formulas to augment funding for programs that prepare learners for the workplace. A small but growing number subsidize instruction for dual-enrollment students. More than half — 28 states — responded to the COVID-19 pandemic with infusions of new aid for job-focused students seeking short-term credentials. Texas recently passed legislation to dramatically overhaul its community college funding formula, rewarding credentials earned rather than the number of hours spent in a classroom. And a handful of other states are rethinking their approaches.

But most colleges in most states still struggle to meet the diverse needs of their increasingly varied student bodies with the traditional one-size-fits-all funding that makes up the bulk of their support.

Changing Demographics

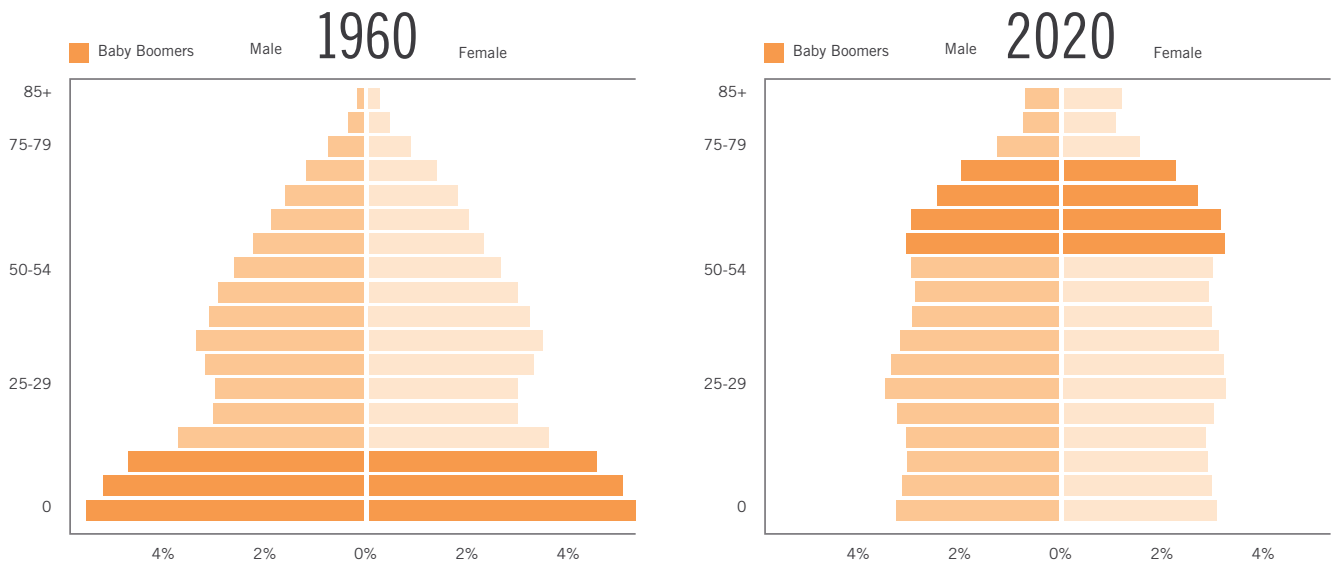
Economic growth usually depends on a growing labor force. More workers plus rising productivity drive increased output and higher standards of living — or did in the U.S. through the second half of the 20th century. But that formula works only if the population is growing — if the number of young workers entering the labor force exceeds the number that entered in previous years.

That's no longer true in the U.S. Instead of the traditional pyramid shape, the profile of the population looks like a beehive (see chart, below). Many fewer younger workers are entering the labor force, driving tighter labor markets and putting new burdens on mid-career workers, requiring them to learn new skills to keep up with new technology in the workplace. These demographic and economic shifts pose growing challenges for community colleges.

A Changing Student Body

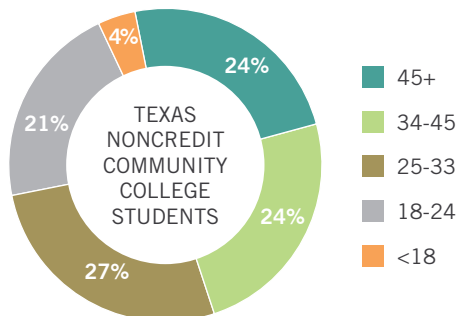
Community colleges vary widely from state to state — each state sees the mission differently and holds colleges accountable for different outcomes. But two trends are surging nationwide: dual-credit enrollments and mid-career adult students.

Texas community colleges, in the national spotlight in 2023 as the state moved to overhaul its funding formula, exemplify both trends.



Community college students are increasingly younger and older than traditional college students

25%
Dual enrollment share of Texas credit students



High school students sampling college classes accounted for all the growth of Texas two-year schools over the past decade, and they now make up a full 25 percent of the credit-eligible student body. Meanwhile, mid-career adults returning to school to learn new skills and keep up with the changing labor market make up 75 percent of Texas noncredit enrollments.

No wonder educators sometimes feel as if they are running three separate colleges: one for traditional college-age learners, one for high school students, and a workforce-training arm for returning adults.

Many Reasons to Attend College

Most of the general public — voters, employers, policymakers — are baffled by the distinction between credit and noncredit education. But it isn't hard to grasp that community college students' motives vary widely. Some see community college as a stepping stone to a bachelor's degree. Others want to learn a new hobby. Some, in a hurry to land a job, want just enough instruction to pass a third-party certification exam. Still others attend on the clock, with skills training paid for by their employers. One-size-fits-all per-student subsidies take no account of this variety and often leave administrators scrambling to cover the costs of instruction and supports.







Not Either-Or

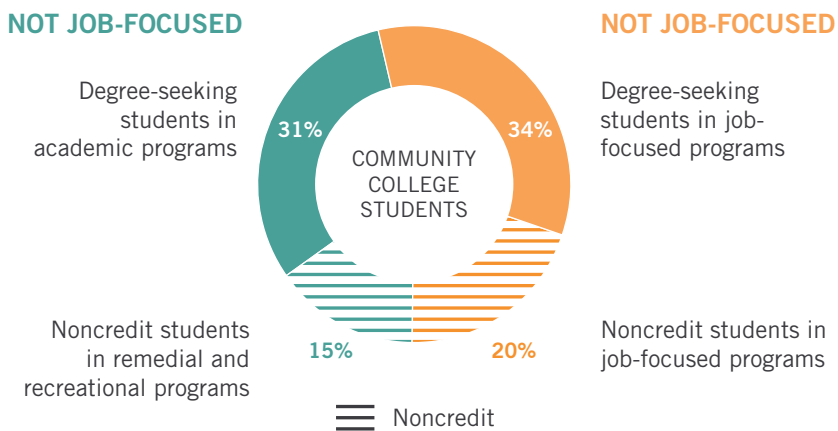
Debates about the mission of community colleges are often framed in the language of either-or — either academic instruction or job training, credit or noncredit, college-age learners or returning adults. In reality, few educators can afford to make these choices — to serve their communities, they must do it all.

But most institutions struggle to find the money to meet these varied needs, and all must supplement state formula funding with other sources of revenue: Workforce Innovation and Opportunity Act (WIOA) dollars, Perkins Act CTE funding, local bond issues, local employers, private foundations, corporate philanthropy, public assistance programs, and more.

What Does Reform Look Like?

Together, these trends — changing demographics and evolving educational needs — cry out for reform of community college funding. The most impactful potential changes: expanding Pell Grants to cover short noncredit job-focused programs and revamping state formula funding. A number of states are experimenting — sometimes with wholesale reform at the state level, in other cases with smaller funding streams designed to complement the state formula. In still other places, individual campuses are showing the way.

NOT JOB-FOCUSED	JOB-FOCUSED
<p> Zach, 19, assumes he'll have a career as a white-collar professional but hasn't given much thought to which profession. He enrolled on the degree-granting side of the college, majoring in political science, and expects to transfer next year to a four-year university.</p> <p> Marisol, 25, wants to learn English. She's enrolled in a nondegree-granting program that teaches basic skills.</p> <p> Barbaram 45, wants to learn French cooking. She's enrolled in a nondegree granting program that teaches recreational skills.</p>	<p> Jenny, 18, is studying to be a nurse. She's enrolled in the degree-granting side of the college because nursing requires a degree.</p> <p> Yvette, 29, is studying to be a certified nursing assistant—no degree needed. She's enrolled in a nondegree-granting program that will prepare her for a state certification exam.</p> <p> George, 38, is learning advanced welding techniques in a nondegree-granting customized contract program sponsored by his employer.</p>



Among the stratagems in play: tiered FTE funding that rewards market-driven workforce education, outcomes-based funding pegged to workforce metrics, dedicated funding for attainment of industry credentials, and recruiting employers to carry a greater share of the burden.

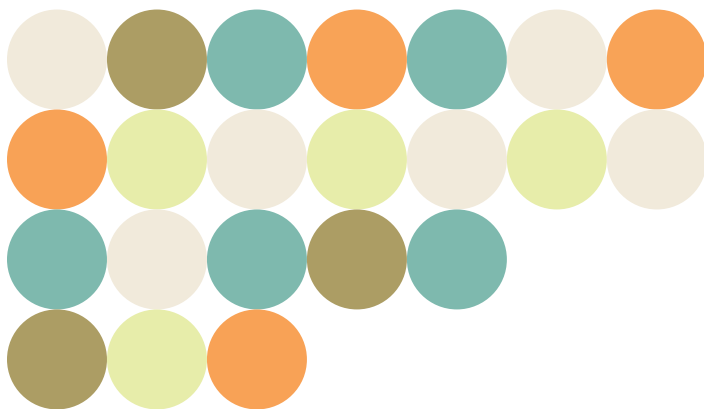
The question ahead for advocates and policymakers in other states: is your state ready for wholesale change, or does it make more sense to move incrementally, starting small and gradually expanding an innovative approach as it proves its worth on the ground?

How to Approach Reform in Your State

Every community college is different; every state's policy climate is unique. But similar challenges arise on every campus — and existing state and campus-level experiments offer a range of options to explore. The first question for educators and advocates: what are the primary pinch points in your state? Designing a remedy for those challenges will likely be a step-by-step, collaborative process. But states across the country are already proving the old adage — there are no better “laboratories of democracy.” What is — or could be — the next step for your state?

WHERE	LEVEL	WHAT
Texas	state formula	outcomes-based formula rewards attainment of credentials with value in the labor market
North Carolina	state formula	tiered-FTE formula puts noncredit programs in in-demand fields on par with credit programs
Iowa	state student aid	means-tested financial aid for noncredit students preparing for high-demand jobs
VA Fast Forward eligible programs	complements state formula	grants tied to industry credentials cover the cost of short job-focused programs in in-demand fields
TX State Technical College	alternative state formula	institutional funding pegged to postgraduation earnings
LaGuardia CC	campus-level	college foundation, local employers provide scholarships for noncredit students

DIAGNOSIS Do you have adequate funding for these students & programs?	REMEDY Potential reform ingredients
<ul style="list-style-type: none"> • Midcareer adults? • Dual enrollment students? • Dual enrollment workforce students? • Noncredit students? • Part-time students? • Students seeking industry credentials? • Student supports? • Employer outreach? • Career services? 	<ul style="list-style-type: none"> • Rewarding employment outcomes • Paying for credentials of value • Funding for midcareer adults • A financial model for dual enrollment • Dedicated funding for noncredit workforce education • Blurring the line between credit and noncredit • Noncredit student assistance • Employer skin in the game



Tamar Jacoby is president of Opportunity America, a Washington-based nonprofit working to promote economic mobility — work, skills, careers, ownership, and entrepreneurship — for poor and working Americans. She also has served as a senior writer and justice editor for Newsweek and as deputy editor of the New York Times op-ed page. Her articles have appeared in The New York Times, The Wall Street Journal, The Washington Post, The Weekly Standard, Foreign Affairs, and other publications.