

FUNDING MODELS FOR COMMUNITY COLLEGES:

How states fund credit-bearing, dual-enrollment,
and noncredit activity

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INTRODUCTION

Community colleges have wide-ranging missions, reflecting the varied aspirations of students they serve. In any given classroom, some students will be enrolled with the intention of transferring course credits to a four-year university and some will have the intention of earning a degree. Seated next to them may be high school students, dually enrolled in their schools and at the college to get a head start on earning college credit. And an hour later, the classroom may be filled with community members taking noncredit courses to prepare for a GED, to learn English, or to receive workforce training. Each of these student groups — credit-bearing, dual-enrollment, and noncredit students — has a different goal for their education and needs different supports from their institution to succeed.

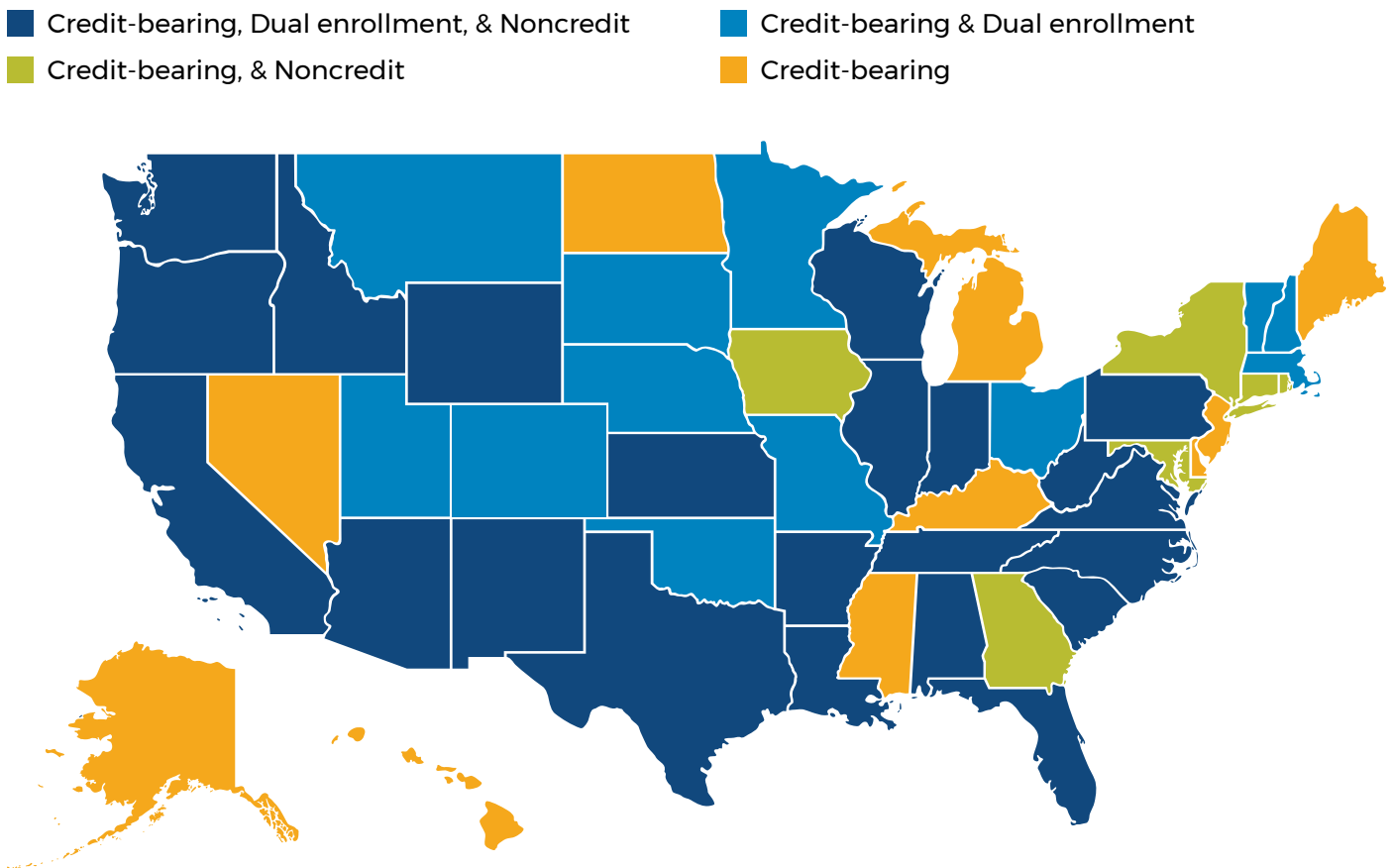
However, not all states fund community colleges in a way that reflects this multi-faceted mission. Federico Zaragoza, president of the College of Southern Nevada (CSN), describes how about 15,000 noncredit students at CSN don't count in the state's credit-based funding formula: "There are some short term training programs like [Certified Nurse Assistant programs] that are available, credit and non-credit. Well, the non-credits are not 'aidable.' So you don't get the state funding to support students that are getting retrained in your institutions." (Solis, 2021).

This report aims to increase awareness about funding inequalities across student enrollment groups. To begin, we identify the prevalence of state funding for credit-bearing, dual-enrollment, and noncredit activities across the U.S. Then, we identify policy mechanisms states use to fund these activities. To collect these data, we reviewed state documents, including statutes, policy manuals, and budgets (see Appendix A for methodology). The resulting inventory is not an exhaustive list, nor does it identify if the funding mechanisms provide adequate resources to support students. Rather, this exploratory work is intended to give an initial overview of how states fund each student enrollment group. This brief accompanies a data dashboard that describes specific funding policies and funding levels for each state.

How widespread is funding by enrollment type?

All states fund credit-bearing activity, which is central to a community college's mission. Thirty-five (35) states fund colleges for dual enrollment and 27 fund noncredit education, both of which are increasingly popular. Fewer than half, 22 states, fund community colleges for all three activities. Figure 1 identifies these states, which are also listed in Appendix B.

Figure 1: Funding by enrollment type



View an interactive version of this map in the [data dashboard](https://acct.org/center-for-policy-practice/state-funding-models) at acct.org/center-for-policy-practice/state-funding-models.

CREDIT-BEARING FUNDING MECHANISMS

Credit-bearing activities—offering coursework that leads to degrees and certificates—are central to the mission of nearly all community colleges. As such, all 50 states fund community colleges for these activities. Most states use a funding allocation model based on enrollment, performance, or both. **Enrollment models** distribute funds on a per-student basis, measured using full-time equivalent (FTE) enrollment, credit hours, or headcount to account for institution size. Under **performance-funding models**, colleges receive funding as an incentive for students to reach milestones related to credit progression or degree attainment. In recognition that not all credit-bearing activities have the same cost, some states allocate different amounts per credit based on a student characteristic such as an underrepresented identity or on a program characteristic such as a high-cost or high-demand field.

In the states that do not use enrollment or performance funding formulas, institutions are required to submit a **budget request**, or the state allocates a set amount of base funding. The appropriations are made for general operations including faculty salaries, academic supports, and other activities necessary to offer course credit.

The table below describes these funding mechanisms and provides a policy example for each. Note that a given state may fund community colleges using multiple mechanisms, and these categories are not mutually exclusive.

Table 1: Funding for credit-bearing activities

FUNDING TYPES	POLICY EXAMPLES
<p>Enrollment-based funding: States fund institutions based on an enrollment metric such as credit hours, FTE, or headcount.</p>	<p>Maryland: Resources are distributed to community colleges based, in part, on marginal costs, which are calculated in relation to FTE credit hours to account for enrollment size.¹</p>
<p>Performance-based funding: States fund institutions based on a credit-related outcome such as credit progression or degree completion.</p>	<p>Tennessee: The Outcomes-Based Funding Formula for community colleges includes metrics based on credit attainment, such as accumulating 12, 24, or 36 hours and earning a degree or certificate.²</p>
<p>Institutional request: States fund institution- or system-level budgets, which include general operation expenses for credit activity. Institutions may be required to base their requests on enrollment counts.</p>	<p>Arizona: Community college districts submit a proposed operational budget to the legislature, based in part on FTE enrollment, defined as credit and noncredit students.³</p>

Find policies from your state in the [data dashboard](#).

1 <https://mgaleg.maryland.gov/mgaweb/Laws/StatuteText?article=ged§ion=16-305&enactments=false>

2 <https://www.tn.gov/thec/bureaus/ppr/fiscal-policy/outcomes-based-funding-formula-resources/2020-25-obf.html>

3 <https://www.azleg.gov/ars/15/01461.htm>

Additional resources on credit-bearing funding mechanisms:

- **Postsecondary Education Funding: State Profiles:** An inventory of higher education funding statutes by sector in each state from the Education Commission of the States (2020).
- **Performance-Based Funding Allocations for Public Higher Education Institutions, Fiscal Years 2020 and 2021:** A report from the State Higher Education Executive Officers Association (SHEEO) (2021) identifying which states have performance funding, by sector, and funding amount.
- **The Landscape of Performance-Based Funding in 2020:** A report from InformEd States (2020) that identifies which states have performance funding, by sector.
- **State Approaches to Base Funding for Public Colleges and Universities:** Survey results that describe how institutions provide basic support for institutions, conducted by SHEEO and NCHEMS (2022).

DUAL ENROLLMENT FUNDING MECHANISMS

We find state funding for dual enrollment in 35 states. Dual enrollment is becoming increasingly popular and an estimated 18% of community college students nationally are dual-enrollment students (Fink, 2021). Dual-enrollment students are enrolled in courses for which they receive both high school and college credit. As such, some states include dual-enrollment students in their enrollment or performance funding model the same as degree-seeking, credit-bearing students. Many states are unclear on how dual-enrollment students fit into their funding allocation model, which can create inequalities if some colleges choose to count dual-enrollment students and others do not. Colleges may require additional resources for program coordination or to support the unique needs of dual enrollment students. To address this, a few states offer special-purpose funding to facilitate partnerships between high schools and colleges or to hire advisors.

Another approach to funding dual enrollment is tuition reimbursement. Many states do not charge tuition for dual enrollment and instead fund colleges directly for the cost of dual-enrollment credits. However, the reimbursement rate may be set at a lower level than the cost of tuition for degree-seeking students, covering only 72%-85% of the costs (Belfield et al., 2023). Scholarships or financial aid for dual enrollment are also common, and some states fund dual enrollment via K-12 schools, but these policies are beyond the scope of this inventory.

Table 2: Funding for dual-enrollment activities

FUNDING TYPES	POLICY EXAMPLES
<p>Enrollment-based funding: States fund dual-enrollment students through an enrollment-based allocation model, often as part of the student FTE count alongside degree-seeking students.</p>	<p>California: Community college districts are funded, in part, through a specified rate per FTE,⁴ which includes dual-enrollment students: “for the purposes of receiving state apportionments, a community college district may include high school students,” given the course meets specific criteria.⁵</p>
<p>Performance-based funding: States incentivize dual enrollment by including dual-enrollment students in credit-attainment metrics or as a separate mission-achievement metric.</p>	<p>New Mexico: Community colleges are funded for their contributions to the sector’s performance on different measures, including dual enrollment. Additionally, for progression metrics like earning 30 credits, institutions can include courses students passed as dual-enrollment students.⁶</p>
<p>Special purpose: States fund dual-enrollment programs as a program, rather than on a per-student basis, to support administration or other costs associated with developing partnerships between high schools and colleges.</p>	<p>Pennsylvania: The PA Department of Education offers competitive grants to “create or expand dual credit programs.” This grant supports the requirement that K-12 and postsecondary institutions partner in dual-credit agreements.⁷</p>
<p>Tuition reimbursement: States reimburse institutions for full or partial tuition of dual-enrollment students. Reimbursement often is offered at a discount.</p>	<p>South Dakota: Tuition for dual-enrollment students is paid in part by the student and in part by the state via a reimbursement to the institution. However, the tuition rate for dual-enrollment students is set at a lower level than it is for degree-seeking undergraduates and funding does not include course fees, which cannot be charged to dual-enrollment students.⁸</p>

Find policies from your state in the [data dashboard](#).

Additional resources for dual enrollment funding mechanisms:

- **50-State Comparison: Dual/Concurrent Enrollment Policies:** A state-level inventory of dual enrollment program characteristics, student eligibility, and state and student funding conducted by Education Commission of the States (2022).
- Integrated Postsecondary Education Data System (IPEDS) data currently indicates if an institution offers dual enrollment and will include the count of dual enrollment students **beginning with the 2023-24 data release**.

4 https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC§ionNum=84750.4.

5 https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC§ionNum=76002.

6 https://hed.nm.gov/uploads/documents/New_Mexico_HED_Funding_Formula_-_2021_Technical_Guide_for_FY22_Budget_Cycle.pdf

7 <https://www.education.pa.gov/Policy-Funding/SchoolGrants/Pages/DualCreditGrant.aspx>

8 <https://public.powerdms.com/SDRegents/documents/1677947>

NONCREDIT FUNDING MECHANISMS

Noncredit enrollment encompasses a wide array of activities including workforce training, recreation, and pre-college programs like basic skills, GED preparation, and English as a second language (Erwin, 2019). Overall, funding for noncredit activities is inconsistent, and only 27 states have an identifiable policy. In many states, funding policies do not specifically address the costs of noncredit enrollment. A few require noncredit courses to be self-sustaining. Where noncredit is funded, it may only apply to certain types of coursework, programs, or campuses.

Some states include noncredit students in their funding-allocation model, as part of their primary enrollment- or performance-based funding model. In these cases, states typically have a conversion formula to translate noncredit contact hours into credit hours to calculate FTE. Another approach is line-item funding for specific noncredit initiatives, particularly for adult basic education and literacy. On a smaller scale, states may also offer grants for materials or equipment, in recognition of the increased costs of technical education.

Table 3: Funding for noncredit activities

FUNDING TYPES	POLICY EXAMPLES
<p>Enrollment-based funding: States fund noncredit students through an enrollment-based funding allocation model, often as part of the FTE count. Policies may include a conversion between contact hours and credit hours.</p>	<p>North Carolina: State funding is allocated, in part, using an FTE enrollment formula. The formula includes separate FTE counts for curriculum, workforce continuing education, and basic skills; each type of FTE receives a different weight in the formula.⁹ Board code is explicit that “self-supporting” courses, including recreational courses, are excluded from the budget FTE, and that operating expenses cannot be used for recreational courses.¹⁰</p>
<p>Performance-based funding: Noncredit students are included in performance metrics related to contact hour thresholds, credentials, or institutional mission.</p>	<p>Oregon: The state’s performance-funding model includes a metric counting “the number of students who, for the first time, have met the defined contact hour thresholds for noncredit courses.”¹¹ Additionally, noncredit training certificates are included in the definition of completions in the model.¹²</p>
<p>Special purpose: States fund specific initiatives, which range from state-wide workforce development to adult basic skills to competitive grants for equipment purchases.</p>	<p>Kansas: The state funds adult-education centers within community colleges that offer GED prep, English as a second language, and basic-skills courses.¹³ Funding is based on a budget request from the Kansas Board of Regents.¹⁴</p>

Find policies from your state in the [data dashboard](#).

9 https://nccsstg.wpengine.com/wp-content/uploads/2023/11/fy2023-24_0_budgetpackage_2023-10-17_0.pdf

10 <https://www.ncccommunitycolleges.edu/about-us/state-board/state-board-code/>

11 <https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=302076>

12 https://secure.sos.state.or.us/oard/viewSingleRule.action;JSESSIONID_OARD=WHbuX9S8j9TQJXslW3D234D220Frsrcs9ofzX-Mu0Rc-KQOuLJIVH!1422599240?ruleVrsnRsn=302074

13 https://www.kansasregents.org/academic_affairs/adult-education/adult-education-centers

14 <https://www.kslegresearch.org/KLRD-web/Publications/BudgetBookFY21/2021BudgetAnalysisRpts/BoardOfRegents.pdf>



Additional resources for noncredit funding mechanisms:

- **Community College Workforce Education Study**: A report and state-level dashboard on workforce education funding from Opportunity America (2021), accompanied by **Wilder Research's reports** on select states.
- **SHEF data**: An annual finance survey from SHEEO through which states report total, statewide noncredit spending.
- **IPEDS data** indicate if an institution offers noncredit education.

CONCLUSION

This inventory takes a novel approach to understanding community college funding by identifying state resources used to serve different enrollment populations including credit-bearing, dual enrollment, and noncredit students. There is growing concern that state funding models do not sufficiently fund the full range of students and services that community colleges support. As a result, community colleges are expected to do more with less, which can make it difficult to reach goals related to college access and success. We find many states do not address dual-enrollment and noncredit education in particular; fewer than half fund both. We also find states vary in their approaches to funding these activities.

Our results represent a first step towards understanding the national landscape around funding for different enrollment populations. Further research can explore the impact of various funding approaches on student success and other outcomes. Similarly, research can build on this report by documenting how local funding and district policies interact with these state efforts. Much more work is needed in this space, and this report establishes a baseline to inform funding policies that affect community college students. We aim for this work to open a conversation between community college leaders and state policymakers to consider new ways to account for the full range of students and services community colleges support.

Action item:

Review the accompanying [interactive dashboard](#), which describes specific funding policies for each state and provides data on state, local, and tuition revenue across states and community colleges.

REFERENCES

Belfield, C., Jenkins, D., & Fink, J. (2023). *How Can Community Colleges Afford to Offer Dual Enrollment College Courses to High School Students at a Discount?* (CCRC Working Paper 130). Community College Research Center.

<https://ccrc.tc.columbia.edu/easyblog/how-can-community-colleges-afford-dual-enrollment-discount.html>

Erwin, M. (2019). *Noncredit Enrollment and Related Activities*. National Postsecondary Education Cooperative.

https://nces.ed.gov/ipeds/pdf/NPEC/data/NPEC_Paper_Noncredit_Enrollment_and_Related_Activities.pdf

Fink, J. (2021). *Estimating Trends in Access to Dual Enrollment using IPEDS and CRDC Data*. Community College Research Center.

<https://ccrc.tc.columbia.edu/media/k2/attachments/dual-enrollment-ipeds-crdc.pdf>

Solis, J. (2021, July 30). *Indy Q+A: CSN President Federico Zaragoza on preparing for COVID in the fall and training a post-pandemic workforce*. The Nevada Independent. <https://thenevadaindependent.com/article/indy-qa-csn-president-federico-zaragoza-on-preparing-for-covid-in-the-fall-and-training-a-post-pandemic-workforce>

APPENDIX A: METHODOLOGY

Data collection protocol

Researchers on our team collected data for each state following a protocol and data-collection template. First, we reviewed resources to gain a baseline understanding of each state's community college landscape including governance structures and funding policies. Then, we read the state statutes related to community colleges, with attention to funding policies. We searched statutes for keywords such as credit, dual enrollment, adult education, basic skills, workforce education, and noncredit. Where policies were unclear, we searched additional documents including state appropriations bills, codes and administrative policies, and websites for state higher education departments or boards, higher education systems, and institutions. We cross-referenced our findings with similar inventories from the Education Commission of the States and the State Higher Education Executive Officers Association (SHEEO). Where information was unavailable through these sources, we reached out to relevant state higher education leaders for clarity. We documented our processes and findings in memo notes for each state. Data were collected by three researchers who met regularly to refine processes, discuss findings, and ensure reliability across states.

We discontinued searching after finding evidence of a funding policy for each of the enrollment groups or exhausting our search protocol without finding evidence of a policy. This means that the policy listed might not be the only policy in the state that funds credit-bearing, dual-enrollment, or noncredit activity. Additionally, funding may not be available to every community college in the state. Our aim was to produce a broad overview of state funding rather than an exhaustive list.



Definitions and inclusion criteria

We identified policies using inclusion criteria derived from definitions from the Integrated Postsecondary Education Data System (IPEDS) glossary and prior research.

Credit-bearing activities are defined as a course that can be applied toward the requirements for achieving a postsecondary degree, diploma, or certificate. In states with a funding formula, we tried to identify the definition of FTE or headcount to verify it included credit-bearing students, though this information was not always available. In states without formula funding (e.g., base or budget request), we include policies that fund general operations, which includes credit-bearing activity such as faculty salaries and academic support. Sometimes states fund a system that then distributes resources to individual campuses using a different method. In these cases, we focus on the initial state funding to the system.

Dual enrollment is defined as high school students enrolled in courses for which they receive both high school and college credit and enroll in a college to participate. This includes courses delivered through a community college regardless of the location (e.g., postsecondary campus, high school, or online). This excludes advanced placement (AP), International Baccalaureate (IB), and other early college programs where students do not enroll at a postsecondary institution. We include policies that offer a tuition reimbursement directly to the college to fund the cost of the program. We excluded funding that passes through the state from K-12 districts. Financial aid, scholarships, and funds distributed through students are also excluded.

Noncredit education includes courses or activities that offer no academic credit towards a postsecondary degree, diploma, or certificate, though they may result in an industry credential. Policies do not always clearly identify noncredit programs using the term “noncredit.” We used a list of programs that are often noncredit to guide our search, including: community education, recreational education, continuing education, adult basic education, basic skills, remedial, English as a second language (ESL), GED, workforce training, vocational training, and career and technical education. We did not search for funding for apprenticeships as some states operate apprenticeships outside the community college system. Financial aid and scholarships for noncredit education are not included. Training funded through federal programs like the Workforce Innovation and Opportunity Act (WIOA) is not included.

APPENDIX B: FUNDING BY STATE AND ENROLLMENT TYPE

State	Credit-bearing	Dual Enrollment	Noncredit
Alabama	Y	Y	Y
Alaska	Y		
Arizona	Y	Y	Y
Arkansas	Y	Y	Y
California	Y	Y	Y
Colorado	Y	Y	
Connecticut	Y		Y
Delaware	Y		
Florida	Y	Y	Y
Georgia	Y		Y
Hawaii	Y		
Idaho	Y	Y	Y
Illinois	Y	Y	Y
Indiana	Y	Y	Y
Iowa	Y		Y
Kansas	Y	Y	Y
Kentucky	Y		
Louisiana	Y	Y	Y
Maine	Y		
Maryland	Y		Y
Massachusetts	Y	Y	
Michigan	Y		
Minnesota	Y	Y	
Mississippi	Y		
Missouri	Y	Y	
Montana	Y	Y	
Nebraska	Y	Y	
Nevada	Y		
New Hampshire	Y	Y	
New Jersey	Y		
New Mexico	Y	Y	Y
New York	Y		Y
North Carolina	Y	Y	Y
North Dakota	Y		
Ohio	Y	Y	



State	Credit-bearing	Dual Enrollment	Noncredit
Oklahoma	Y	Y	
Oregon	Y	Y	Y
Pennsylvania	Y	Y	Y
Rhode Island	Y	Y	
South Carolina	Y	Y	Y
South Dakota	Y	Y	
Tennessee	Y	Y	Y
Texas	Y	Y	Y
Utah	Y	Y	
Vermont	Y	Y	
Virginia	Y	Y	Y
Washington	Y	Y	Y
West Virginia	Y	Y	Y
Wisconsin	Y	Y	Y
Wyoming	Y	Y	Y
Count:	50	35	27
Districts, territories, and freely associated states	Credit-bearing	Dual Enrollment	Noncredit
District of Columbia	Y		Y
Federated States of Micronesia	Y		
Guam	Y		Y
Northern Mariana Islands	Y		
Puerto Rico	Data unavailable		
Republic of Marshall Islands	Y		
Republic of Palau	Y		

Note: "Y" indicates our inventory found specific funding for this student enrollment group.

Funding Category Key	Count per category
Credit-bearing	10
Credit-bearing; Dual enrollment	13
Credit-bearing; Noncredit	5
Credit-bearing; Dual enrollment; Noncredit	22



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