

Access and Funding in Public Higher Education— the 2011 National Survey

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FOR NEXT YEAR...

- Students and families are squeezed as tuition is predicted to rise by twice the inflation rate AND 29 states predict flat-funding or cuts in state-student aid programs.
- Access institutions are squeezed, as most states cut operating budgets for flagship universities, regional universities, and community colleges.
- High unemployment has exhausted available WIA and other workforce training funds in 21 states.
- To prepare for economic competitiveness as recession ends, funds are needed to expand high demand programs tied to higher wage jobs in allied health, engineering, and IT at community colleges.
- Colleges are pushed to offer/expand “quick” job training in non-credit areas.
- Access threats are acute in large states with fast-growing minority populations.
- Predicted operating budget cuts come as enrollments are predicted to rise at community colleges in 2 of 3 states.
- Funding facilities construction and renovation is identified as a major need in 48 states.

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Squeeze Play for Students and Colleges

With cuts in Pell Grants from last year’s all-time record levels, tuition rising at more than double the rate of inflation, and state-funded student aid stagnating in most states, *students and their families are being squeezed*. And with reductions in state operating budgets, the public access institutions serving them are being squeezed as well.

Since 2003, the Education Policy Center has documented these issues in our *Access and Funding in Public Higher Education* reports. Some reports assess state-level access and finance issues, often by surveying presidents of large universities. This report assesses access and finance issues from the unique perspective of state-level policymakers responsible for coordination, supervision, and management of community colleges.

Community colleges are the portal of entry into higher education for millions of academically-talented, low-income, first-generation, and minority high school graduates. They re-tool and re-skill older returning students and unemployed workers. They transfer large numbers of students to public access regional and flagship universities. Their funding mix is unique: In 25 states receiving state and local support. ¹ They also

receive funds from non-education sources like the Workforce Investment Act. Their knowledge of all education sectors is broad. Members of the National Council of State Directors of Community Colleges have a good fifty-thousand foot perspective from which to assess access and funding issues.²

This report presents the 2011 survey of NCSDDC members conducted from July 5 to August 24, 2011.³ As the U.S. emerges from recession, how are public access colleges positioned to advance economic competitiveness? As federal student aid and state budgets are cut as enrollments rise, challenging public access colleges as never before. We thank all 51 NCSDDC members for participating again in 2011, and our advisory panel for survey input.⁴ Responsibility for errors is ours alone.⁵ Later reports will address college completion, serving unemployed workers, and the new relationship of states and higher education.

We begin with a look back at the year just concluded. This is followed by predictions for next year across all access sectors—community colleges, regional universities, and flagship universities; capacity challenges, threats to access in large states. The report concludes with a special section on community colleges and re-tooling unemployed workers.

PART ONE: THE YEAR JUST CONCLUDED (FY2010-2011)

Mid-Year Budget Cuts in 1 in 4 States Last Year

Table 1 shows that last year respondents from 6 of 37 states took mid-year cuts in elementary and secondary education, 14 of 51 (27%) in community colleges, 4 of 18 (22%) in Historically Black Colleges and Universities, 9 of 40 (23%) in regional universities, and 10 of 44 (23%) in public flagship universities. For the states taking mid-year cuts in public higher education, median percentage cuts were -2.5% for elementary and secondary education, -3.5% for community colleges, -3% for the HBCUs, -3.5% for public regional universities, and -3.5% for the public flagship universities.

Across each sector of public education, fewer states took mid-year cuts in FY2010-2011 than in FY2009-2010, indicating the nation is moving out of recession.

Recession and Medicaid Were Key Budget Drivers

Table 2 presents the top 5 budget drivers rated by respondents among the 11 items listed in recent years. For the year just concluded, with 46 responses in agreement, Recession, Producing a Decline in State Revenues was the top-rated item, with 25 rating it "strongly agree"

and 21 "agree." At 43 responses, Medicaid was ranked second, with 14 indicating "strongly agree." The end of ARRA funding (37) ranked third, followed by K-12 funding (35) and Higher Education (26).

Looking back to FY2009-2010, 45 of 47 responded "strongly agree" to Recession, Producing a Decline in State Revenues. In our 2010 report, for the first time since 2003 unemployment insurance was ranked among the top 5 budget drivers, and Elementary and Secondary Education declined as a key budget driver, falling from its #1 rank in FY2006-2007 and FY2007-2008 to 4th. Last year, for the second straight year, Elementary and Secondary Education ranked 4th.

Intensified Competition for Scarce State Dollars

We predict intense competition for scarce state budget dollars is likely in the year ahead. This is because in most states, funds are set aside off the top to match to draw-down federal Medicaid funds. This in effect pits the rest of state government functions against each other. In our 2009 and 2010 reports, we cited a Kaiser Family Foundation state Medicaid report that found between August 2008 and April 2009, over 6 million Americans lost their health insurance in the recession. Perhaps this explains why the 50 governors

strongly lobbied President-Elect Obama and Vice-President Elect Biden to increase federal matching funds in the coming stimulus package at their historic post-2008 meeting at Philadelphia's Independence Hall. ⁷

Last year, we noted most respondents indicated their states had no plan as federal ARRA stimulus funds were ending, other than to hope for a recovery of state revenues (we thus titled our 2010 report "Uncertain Recovery," though we considered the alternative title of "Pray and Hope").⁸ Given the decline in the ranking of Elementary and Secondary

K-12 n=37		Community Colleges n=51		HBCUs n=18		Regional Universities n=40		Flagship Universities n=44	
6 (16%)	%	14 (27%)	%	4 (22%)	%	9 (23%)	%	10 (23%)	%
Hawai'i	ns	Alabama	-3	Georgia-USG	-6	Connecticut	-2	Connecticut	-2
Indiana	-2	Connecticut	-2	Louisiana	-2	Georgia-USG	-6	Georgia-USG	-6
North Carolina	-3.5	Georgia-TCS	-4	North Carolina	-3.5	Hawai'i	-0.4	Hawai'i	-0.4
Texas	-2.5	Georgia-USG	-6	Texas	-2.5	Louisiana	-2	Kentucky	ns
Virginia	-0.54	Hawai'i	-0.4			Nevada	-6.9	Louisiana	-2
Washington	-7	Indiana	-12			New York	-6	Nevada	-6.9
		Louisiana	-2			North Carolina	-3.5	New York	-6
		Nevada	-6.9			Texas	-2.5	North Carolina	-3.5
		New York	-1			Washington	-4	Texas	-2.5
		North Carolina	-3.5					Washington	-4
		Oregon	-9						
		Texas	-2.5						
		Washington	-4						
		Wisconsin	ns						
Median	-2.5	Median	-3.5	Median	-3	Median	-3.5	Median	-3.5

All 51 possible responses were obtained. Georgia operates a dual system of two-year postsecondary institutions, the University of Georgia System (UGS) and the Technical College System (TCS).

Source: 2011 Survey of Finance and Access Issues, Education Policy Center at The University of Alabama.

TABLE 2 Top Five Rated Key Drivers of State Budget Decisions in Year Just Concluded, Past Five Years										
Rank	FY2010-2011 <i>n=51</i>		FY2009-2010 <i>n=51</i>		FY2008-2009 <i>n=50</i>		FY2007-2008 <i>n=49</i>		FY2006-2007 <i>n=49</i>	
	Key Driver	N=SA/A	Key Driver	N=SA/A	Key Driver	N=SA/A	Key Driver	N=SA/A	Key Driver	N=SA/A
1	Recession	46	Recession	47	Recession	45	K-12	45	K-12	45
2	Medicaid	43	Tie- Medicaid, ARRA Funding	38	K-12	38	Medicaid	43	Medicaid	44
3	ARRA Funding	37			Tie- Medicaid, ARRA Funding	37	Recession	36	Tie- Corrections, Higher Education	33
4	K-12	35	K-12	30			Corrections	31		
5	Higher Education	26	Unemployment Insurance	20	Corrections	22	Tax Cuts	26	Transportation	29

Note: The actual wording of the survey item "Recession" was "Recession, producing a decline in state revenue."
The 2009 and 2010 surveys asked about ARRA stimulus funds, while the 2011 survey asked about the end of ARRA funds.
Source: 2011 Survey of Finance and Access Issues, Education Policy Center at The University of Alabama.

PART ONE: YEAR JUST CONCLUDED (con't)

Education as a budget priority, last year we predicted it would not be exempt should budget cuts occur, even as most states constitutions require delivering free public education. If the economic recovery slows and revenues decline next year, we again predict no sector of public education will be exempt from state cuts.

Few Fully-Fund Community College Formulas

Six states reported fully funding their community college formulas last year (out of 26, or 23%). This was about the same as the year prior (6 of 29, or 21%). In contrast, in FY2006-2007, 14 reported doing so.

Tuition Rose Across Public Access Institutions

Last year, tuition increases were reported by 44 of 51 (86%) respondents at community colleges; by 15 of 17 (88%) at public HBCUs; by 34 of 37 respondents (92%) at public regional universities; and by 38 of 40 respondents (95%) at public flagship universities. The average tuition increase last year was 5.8% at community colleges, 6.9% at HBCUs, 6.6% at regional universities, and 7.4% at flagship universities. These increases were at levels on average three times greater than the Higher Education Price Index of 2.3%.⁹ As we have noted in every report since 2003, tuition increases remain the predominant method by which public access institutions make up for shortfalls or cuts in state tax appropriations for operating budgets.

**PART TWO: PREDICTIONS FOR NEXT YEAR, FY2011-2012
Surging Enrollments Continue**

Enrollment continues to surge at public access higher education institutions in the United States. This surge started well before the recession. *Between 2000-2001 and 2007-2008, enrollment at the nation's community colleges increased by 2.2 million students, and at public Master's Colleges and Universities by 630,000 students* (defined by the Carnegie Foundation for the Advancement of Teaching).¹⁰ Table 3 on the following page presents predictions for key access indicators next year. When asked to predict changes in community college enrollments next year (FY2011-2012), 34 offered predictions. Of these, 24 predict enrollment increases, 7 predict decreases, and 3 predict enrollment would stay about the same. Among those 24 predicting an enrollment increase, the median and mean increases were 3% and 0.9%, respectively.

State Operating Budget Cuts for All Access Sectors

The funding forecast for public access flagship universities, regional universities, and community colleges in FY2011-2012 is grim. Among the 48 respondents offering a prediction for their community college operating budgets, 29 predict a decrease, 10 predict no change, and just 9 predict an increase. Among the 37 respondents offering predictions for their public regional university operating budgets, 28 predict a

TABLE 3
Key Access Indicators: Students and Colleges Are Squeezed

State # Responding	Predicted Changes for Next Year (FY2011-2012) in...							State Student Aid n=44
	Community College Enrollment n=34	State Operating Budget Support			Tuition			
		Community Colleges n=48	Regional Universities n=37	Flagship Universities n=42	Community Colleges n=48	Regional Universities n=36	Flagship Universities n=39	
Alabama	-3	ns	ns	ns	18.8	ns	ns	0
Alaska	3	2.2	3.2	4.8	7.5	7.5	7.5	ns
Arizona	ns	-48	ns	-24	8	ns	20	ns
Arkansas	8	0	0	0	5.6	5.5	6	0
California	-5	-5	-23	-22	38	22	17.6	ns
Colorado	4	-14.5	-16.6	-22.1	10	12.5	14.5	0
Connecticut	ns	-12	-12	-12	3	3	3	-5
Delaware	3	-2	ns	-10	5.5	ns	9.2	0
Florida	5.1	-8	-13.6	-13.6	8	15	15	-15
Georgia-TCS	-30	-4	ns	ns	ns	ns	ns	10
Georgia-UGS	3	-10	-10	-10	3	3	3	-19
Hawai'i	1	ns	ns	ns	10.2	10.3	10.8	0
Idaho	2	-3.9	-0.2	-0.2	5	6.3	8.4	0
Illinois	ns	0	-1.1	-1.1	6	ns	ns	-4.3
Indiana	2	12	-7	-7	3	2.5	2.5	6
Iowa	-9	3.2	ns	-4	5.5	ns	5	-2.8
Kansas	ns	ns	ns	ns	ns	ns	ns	0
Kentucky	ns	-1	-1	-1	4	5	6	0
Louisiana	5	16	17	17	15	10	10	11.9
Maine	ns	0	ns	ns	2	ns	ns	5
Maryland	2	0	0	0	3	3	3	ns
Massachusetts	3	0	0	0	0	0	ns	-1
Michigan	-3	-4	-15	-15	-5	-7	-7	0
Minnesota	0	-10.6	-10.6	-8.8	3.7	4.8	5	1
Mississippi	ns	0	ns	ns	2.8	ns	ns	0
Missouri	ns	-7	-7.1	-8.1	6.4	4.9	5.5	9.1
Montana	3	-1.5	-1.5	-1.5	0	5	5	0
Nebraska	5	-1	-1.2	-0.7	4.5	5	6	0
Nevada	-5	-16.5	-13.2	-9.9	13	13	13	0
New Hampshire	3	-20	-48	-48	7.7	19	12.5	-100
New Jersey	0	0	-2	-2	5	5	1.5	0
New Mexico	ns	-6	-4	-6.5	10	7	8	1.8
New York	ns	-1	-6	-6	5	6	7	ns
North Carolina	2	-10.7	-12	-12	18	10	6	0
North Dakota	ns	11	8.1	13.4	0	2.5	5.7	20.7
Ohio	3	6.3	1.5	0	7	3.5	3.5	0.5
Oklahoma	1.8	-5.8	-5.8	-5.8	6.6	5.7	4.9	ns
Oregon	ns	-4	-4	-4	8.5	7.2	9	-2
Pennsylvania	ns	-10	ns	ns	7.1	ns	ns	-1.9
Rhode Island	ns	4	ns	ns	0	ns	ns	ns
South Carolina	0	0	-5	-6.5	0	decrease	decrease	-5
South Dakota	ns	-7	ns	ns	8	ns	ns	-10
Tennessee	ns	-2.1	-3.2	1.3	10.6	10.2	ns	0
Texas	10	3.1	6.9	6.9	ns	ns	ns	15
Utah	4.4	-2	-2	-2	8.2	8.4	7.8	5.5
Vermont	3	0	ns	0	4	ns	5.8	0
Virginia	4.3	-5.8	-5.2	-9.3	8.7	9.6	2.6	10.4
Washington	-4	-13	-21	-23	12	5	4	14
West Virginia	ns	3.5	5	2.2	4.3	6	5.9	3.9
Wisconsin	5	-25	-11	-13	5.5	5.5	5.5	0
Wyoming	5	0	ns	5	5	ns	5	10
Mean	0.9	-4.2	-6	-6.2	6.8	6.9	6.9	-0.9
Median	3	-2	-4	-4.9	5.6	5.7	6	0
Number increasing	24	9	6	7	42	33	37	15
Number not changing	3	10	3	5	5	1	0	18
Number decreasing	7	29	28	30	1	2	2	11
Number not sure	17	3	14	9	3	15	12	7

Source: 2011 Survey of Access and Finance Issues, Education Policy Center, The University of Alabama

With 30 of 42 predicting operating budget cuts for public flagship universities, 28 of 37 for public regional universities, and 29 of 48 for community colleges, Fiscal Year 2011-2012 will be challenging for public access institutions of all types in most states.

Better than 3 in 4 agree their states are moving to a privatized funding model that puts a greater burden on students and their families, through a tuition-based model of higher education

PART TWO: Predictions for Next Year (con't)

decrease, 3 predict no change, and just 6 predict increases. Among the 42 respondents offering a prediction for their public flagship university budgets, 30 predict a decrease, 5 no change, and just 7 increases. And among the 48 offering a prediction for their community colleges, 29 predict decreases, 10 no change, and 9 increases. The predicted median change for each public access sector was -4.9% for flagship universities, -4% for regional universities, and -2% for community colleges. Fiscal Year 2011-2012 will clearly be challenging for public access institutions of all types in most states.

The predicted median tuition increases for community colleges, regional universities and flagship universities of 5.6%, 5.7%, and 6%, respectively—compared to a 2.3% predicted rise in inflation—will squeeze students and families.

Tuition Will Increase Across All Access Sectors

With state operating budgets predicted to be cut in better than 3 of every 4 states reporting across all public higher education sectors, for tuition to be predicted to next year is no surprise. This does not diminish the financial challenge students and families face, however. Among the 48 respondents predicting next year's tuition at community colleges, 42 predict increases, 5 no change, and 1 predicts a decrease. Thirty-three of the 36 respondents predict tuition increases at public regional universities, 1 no change, and 2 predict decreases. Thirty-seven of the 39 respondents predict tuition increases at their state's public flagship universities, and 2 predict decreases. The predicted median tuition increases for community colleges, regional universities, and flagship universities in FY2011-2012 of 5.6%, 5.7%, and 6%, respectively—compared to a 2.3% predicted rise in the Higher Education Price Index (HEPI)—will squeeze students and families.¹¹

Cuts or Flat-Funding of State-Funded Student Aid

Table 3 presents estimates of state-funded student financial aid for next year. Among the 44 respondents, 15 predict increases, 18 predict no change, and 11 predict cuts. *Thus, with enrollments rising and tuition rising in more than 3 of 4 states, state student aid is predicted to be cut or flat-funded in about 2 of every 3 states (29 of 44, or 66%).*

Students and Families Are Being Squeezed

Taken together, Table 3 shows students and their families are being squeezed in their pursuit of public higher education in this recession. Tuition is predicted to rise by more than double the rate of inflation, as measured by the HEPI estimate of 2.3% for 2011. **We predict more academically-talented, economically disadvantaged students and their families may turn to federal student and private loans to make up the difference.**

...access institutions are being squeezed financially. Enrollments are up, but state aid is down.

The Public Access Institutions That Serve First-Generation Students Are Being Squeezed

With predicted state operating budget cuts nearly double the inflation rate next year, access institutions themselves are being squeezed financially. Enrollments are up, while state aid is down. While it appears many state policymakers desire to protect access as measured by the fact that predicted median state operating budget cuts for community colleges are below the HEPI of 2.3%, predicted median cuts at access public regional and flagship universities are nearly double the inflation rate. These tuition increases will undoubtedly squeeze families, but will they offset the deep cuts in state operating budgets for the colleges and universities?

With Pell Grant cuts at the federal level, tuition rising at more than double the inflation rate and state-funded student aid stagnating in most states, students and their families are being squeezed. And the significant reductions in state operating budgets are simultaneously challenging the public higher education access institutions committed to serving them.

TABLE 4 Capacity Challenges for Students and the Colleges					
State	In the most recently approved budget, state funded need-based and merit-based student aid has kept pace with tuition increases in my state	Declining and/or flat funding of my state's student aid program, combined with flat funding or cuts of Pell, may result in more community college students taking loans	Community colleges in my state presently have the capacity to meet current and projected numbers of...		Funding for facilities (new construction and renovation) is a major need in my state
			high school graduates	older students returning to college	
Alabama	Disagree	Agree	Agree	Agree	Agree
Alaska	Disagree	Strongly Disagree	Neutral/NS	Neutral/NS	Agree
Arizona	Strongly Disagree	Strongly Agree	Neutral/NS	Neutral/NS	Agree
Arkansas	Disagree	Agree	Disagree	Disagree	Strongly Agree
California	Disagree	Agree	Disagree	Disagree	Agree
Colorado	Strongly Disagree	Agree	Agree	Agree	Strongly Agree
Connecticut	Strongly Disagree	Agree	Strongly Disagree	Strongly Disagree	Agree
Delaware	Disagree	Agree	Strongly Disagree	Strongly Disagree	Strongly Agree
Florida	Strongly Disagree	Agree	Agree	Neutral/NS	Strongly Agree
Georgia-TCS	Disagree	Strongly Agree	Agree	Agree	Agree
Georgia-UGS	Neutral/NS	Strongly Agree	Neutral/NS	Neutral/NS	Agree
Hawai'i	Agree	Agree	Agree	Agree	Strongly Agree
Idaho	Neutral/NS	Agree	Agree	Agree	Agree
Illinois	Strongly Disagree	Agree	Agree	Agree	Strongly Agree
Indiana	Agree	Strongly Disagree	Agree	Agree	Agree
Iowa	Disagree	Agree	Strongly Agree	Agree	Agree
Kansas	Strongly Disagree	Agree	Strongly Agree	Neutral/NS	Agree
Kentucky	Disagree	Agree	Agree	Agree	Agree
Louisiana	Agree	Agree	Disagree	Agree	Agree
Maine	Disagree	Neutral/NS	Agree	Strongly Agree	Strongly Agree
Maryland	Strongly Disagree	Agree	Agree	Agree	Agree
Massachusetts	Disagree	Strongly Agree	Agree	Agree	Agree
Michigan	Disagree	Strongly Agree	Agree	Agree	Agree
Minnesota	Disagree	Agree	Strongly Agree	Agree	Strongly Agree
Mississippi	Neutral/NS	Agree	Agree	Neutral/NS	Strongly Agree
Missouri	Disagree	Agree	Agree	Disagree	Agree
Montana	Disagree	Agree	Agree	Agree	Agree
Nebraska	Disagree	Agree	Neutral/NS	Agree	Neutral/NS
Nevada	Strongly Disagree	Strongly Agree	Disagree	Agree	Agree
New Hampshire	Strongly Disagree	Strongly Agree	Agree	Agree	Agree
New Jersey	Disagree	Agree	Neutral/NS	Neutral/NS	Strongly Agree
New Mexico	Disagree	Agree	Agree	Agree	Agree
New York	Agree	Agree	Agree	Agree	Agree
North Carolina	Strongly Disagree	Agree	Disagree	Disagree	Strongly Agree
North Dakota	Agree	Neutral/NS	Agree	Agree	Agree
Ohio	Disagree	Agree	Neutral/NS	Neutral/NS	Agree
Oklahoma	Disagree	Neutral/NS	Agree	Agree	Agree
Oregon	Disagree	Strongly Agree	Agree	Disagree	Agree
Pennsylvania	Agree	Agree	Agree	Agree	Strongly Agree
Rhode Island	Disagree	Agree	Strongly Agree	Strongly Agree	Agree
South Carolina	Agree	Neutral/NS	Agree	Strongly Agree	Strongly Agree
South Dakota	Neutral/DN	Agree	Disagree	Disagree	Neutral/NS
Tennessee	Strongly Disagree	Agree	Neutral/NS	Neutral/NS	Strongly Agree
Texas	Neutral/DN	Neutral/NS	Agree	Agree	Neutral/NS
Utah	Strongly Disagree	Strongly Agree	Strongly Disagree	Strongly Disagree	Agree
Vermont	Agree	Strongly Agree	Strongly Agree	Strongly Agree	Strongly Agree
Virginia	Neutral/DN	Strongly Agree	Disagree	Disagree	Strongly Agree
Washington	Disagree	Strongly Agree	Disagree	Disagree	Agree
West Virginia	Agree	Strongly Agree	Agree	Agree	Strongly Agree
Wisconsin	Strongly Disagree	Strongly Agree	Disagree	Disagree	Strongly Agree
Wyoming	Disagree	Agree	Agree	Agree	Agree
Strongly Agree	0	14	5	3	18
Agree	9	30	27	26	30
Neutral/Don't Know	6	5	7	8	3
Disagree	23	0	9	9	0
Strongly Disagree	13	2	3	3	0

Source: 2011 Survey of Access and Finance Issues, Education Policy Center, The University of Alabama

PART TWO: Predictions for Next Year (con't)
CAPACITY CHALLENGES

State Student Aid Will Not Keep Pace with Tuition

As in past years, respondents indicate that in the most recently approved budget, state funded need-based and merit-based student aid has *not* kept pace with tuition increases (see Table 4), with 23 indicating "disagree" and 13 indicating "strongly disagree." Just 9 report "agree;" thus for those venturing an opinion, by a margin of four to one, state-funded student aid is not predicted to keep up with predicted tuition increases.

For the so-called "high tuition/high aid" model to work, *every time* tuition is raised, so must state-funded student aid. Our surveys consistently show that this is not the case. States appear to be leaving the task of raising scholarship dollars to the institutions. This assumes access institutions like public regional universities and community colleges can easily and realistically accomplish this task—even as their operating budgets are reduced. And in the current economic environment, raising private sector funds to make up for state cuts/flat-funding of state-funded student financial aid is a challenging proposition.

Predicted Cuts/Flat-Funding of State Student Aid and Pell Grant Cuts Means More Student Debt

Community colleges serve more low-income, first-generation students than do other higher education institutions. For this reason, we asked respondents if flat funding or cuts in state student aid and federal Pell Grants could result in more community college students taking loans. Among the 46 responses, 14 "strongly agree" and 30 "agree." Five are "neutral or don't know," and 2 "strongly disagree." Put differently of those venturing an opinion, 44 (96%) are in agreement and just 2 are in disagreement.

With Pell Grant cuts at the federal level, tuition rising at more than double the inflation rate and state-funded student aid stagnating in most states, college students and their families are being squeezed. And the significant reductions in state operating budgets are simultaneously challenging the public higher education access institutions committed to serving them.

Access Institutions Are Being Squeezed

Table 3 shows cuts in operating budgets for public postsecondary access sectors are predicted for community colleges, regional universities, and flagship universities in 3 of every 4 states offering predictions. With enrollment caps reported at many public flagship universities in large states, increased focus is being paid to community colleges to provide access for the largest bulge in enrollment since the "baby boom" of the mid-1960s. While most respondents believe their states' community colleges have sufficient capacity to meet current and projected numbers of high school graduates, Table 4 shows that 12 respondents disagree. These 12 include some of the nation's largest states and states with the fastest growing enrollments, including minority student enrollments (California and North Carolina are among the large states, as are the fast-growing states of Arkansas, Louisiana, Nevada, Utah, Virginia, and Washington). 12

That 48 of 51 or 94% are in agreement clearly shows that facilities funding is a major capacity challenge.

Funding for Facilities Is a Major Need

Another indication of the stress at public access colleges and universities is found in responses to the survey item, "funding for facilities (new construction and renovation) is a major need in my state." Among the 51 respondents, 18 "strongly agree," 30 "agree," and 3 are "neutral/don't know."

Funding for facilities is often a first target for budget reductions in a recession. The \$450 billion plan that President Barack Obama unveiled to a Joint Session of Congress on September 8, 2011 as part of his package to stimulate the economy would provide \$5 billion to build and renovate community college and tribal college facilities infrastructure. 13 While we did not survey respondents specifically about the facilities provisions in the President's legislative proposals, that 48 of 51 or 94% are in agreement clearly shows that facilities funding is a major challenge across the states.

TABLE 5
Tight State Finances Threaten Access in Our Nation's Largest States

State	Key Budget Drivers (FY2010-2011, last year)			State Operating Budgets (Predicted Changes Next Year, FY 2011-2012)			
	Medicaid	Recession	End of ARRA	Community	Regional	Flagship	
				Colleges	Universities	Universities	
California	Strongly Agree	Strongly Agree	Agree	-5	-23	-22	
Florida	Strongly Agree	Disagree	Agree	-8	-13.6	-13.6	
Georgia-TCS	Agree	Agree	Agree	-4	ns	ns	
Georgia-UGS	Agree	Strongly Agree	Agree	-10	-10	-10	
Illinois	Strongly Agree	Strongly Agree	Neutral/NS	0	-1.1	-1.1	
New York	Neutral/NS	Strongly Agree	Strongly Agree	-1	-6	-6	
North Carolina	Neutral/NS	Strongly Agree	Agree	-10.7	-12	-12	
Ohio	Agree	Agree	Strongly Agree	6.3	1.5	0	
Pennsylvania	Agree	Strongly Agree	Strongly Agree	-10	ns	ns	
Texas	Agree	Agree	Agree	3.1	6.9	6.9	
Strongly Agree	3	6	3	-3.9	-7.2	-7.2	Mean
Agree	5	3	6	-4.5	-8	-8	Median
Neutral/Not Sure	2	0	1	2	2	1	Number increasing
Disagree	0	1	0	1	0	1	Number not changing
Strongly Disagree	0	0	0	7	6	6	Number decreasing
				0	2	2	Number not sure

Source: 2011 Survey of Access and Finance Issues, Education Policy Center, The University of Alabama

If states are unable or unwilling to control Medicaid cost increases, the financial threat to public higher education may be likely, if not unavoidable.

Threats to Access in Our Nation's Largest States

Table 5 shows how tight state finances threaten access in many of our nation's largest states. As previously noted, the removal of federal ARRA stimulus funding in the upcoming fiscal year will likely intensify competition for scarce state dollars.

The comparison is revealing. Medicaid is a key budget driver by 8 of the 10 respondents (the remaining 2 responded neutral/not sure). Six of the 10 respondents indicate "strongly agree" that "Recession, Producing a Decline in State Revenues" was a key budget driver last year, and 3 indicate "agree" (just one respondent indicates "disagree"). Finally, 9 of the 10 respondents were in agreement that that the end of federal stimulus funds from the 2009 American Recovery and Reinvestment Act was a key budget driver.

These issues are intertwined. According to the November 2010 report of the National Association of State Budget Officers (NASBO), in FY2009-2010, for the first time ever, the percentage of state spending on Medicaid exactly equaled that for Elementary and Secondary Education, at 23.5%. State spending for Higher Education was less than half of this figure.¹⁴

The right columns show steep predicted median cuts in state operating budgets at access institutions in many large states next year. Cuts of -4.5%, -8%, and -8% are predicted for public community colleges, public regional universities, and public flagship universities next year in FY2011-2012.

In the mid-1970s when public higher education was between 15 and 20 percent of state spending, it was possible for it to serve as "the great budget balancer of state government," as one respondent said. No more, not when NASBO reports public higher education spending across states is about 10 to 11 percent.

To us, a clear picture emerges. Medicaid has been near the top as a key state budget driver in every survey we have conducted since 2003. Other data show Medicaid as a key budget driver for decades. As a driver of state expenditure, the Medicaid increases of recent decades have been followed by increased corrections spending, as has been noted in California.¹⁵ **If states are unable or unwilling to control Medicaid cost increases, the financial threat to public higher education may be likely, if not unavoidable. Given their large Medicaid gaps, our nation's largest states may lead the way.**

SPECIAL FOCUS: COMMUNITY COLLEGES & RE-TOOLING UNEMPLOYED WORKERS

With the nation continuing to climb out of recession, policymakers at the state and federal levels expect public access institutions to play a critical role in helping to re-tool and re-skill America's workforce. **Many are concerned that the ability and capacity of public access institutions, including community colleges, to advance U.S. economic competitiveness is at risk.** In our 2009 survey, 10 respondents reported unemployed workers were offered free tuition at community colleges in their states. That just 4 report doing so in our 2010 survey is evidence of the deepening fiscal strain states are experiencing (one might have hoped funding to serve unemployed and displaced workers would be expanded, not cut). We begin by presenting in Table 6's first columns the July 2011 state unemployment rates and rankings, the most recent state rankings available. According to the US Bureau of Labor Statistics, the nation's unemployment rate in July 2011 was 9.1%. It stayed at 9.1% in August 2011 as well. **16**

Funds to Retrain the Unemployed Are Exhausted

When asked if their Workforce Investment Act training funds have been exhausted due to the strain of serving more unemployed and displaced workers during the recession, 2 respondents indicate "strongly agree" (Illinois and Maine), 19 "agree," and 11 "disagree." That many of the 21 states in agreement suffer from high unemployment is no surprise. **Insufficient workforce training funds threaten community colleges' ability to prepare the workforce:** *Not one respondent strongly disagreed with the statement that continuing high unemployment is overwhelming available federal workforce training funds (via the Workforce Investment Act and other sources).*

Pressures Rise for Non-Credit "Quick Training"

Last year respondents from 17 states indicated concerns over continuing high unemployment were causing a push for "quick job" training programs; this year 28 respondents--a majority--reported such initiatives. Such training programs are typically for lower-wage positions, but may represent critical "breathing space," income generating opportunities for the unemployed to re-skill.

Funding High-Cost, High Demand Programs

Funding is clearly needed to expand high-demand, high-cost programs in health sciences, engineering technology, and information technology. Of the 51 respondents, 21 "strongly agree" and 21 "agree," while 5 are "neutral/didn't know," and only 4 "disagree." In announcing his American Graduation Initiative in July of 2010 at Macomb Community College (MI), President Obama recognized a former autoworker who obtained his Associate's Degree in Nursing. ***A strong majority are in agreement--42 of 51 responses--that funding is needed to expand high-cost programs in areas such as the health sciences, engineering technology, and information technology.*** *Not one respondent strongly disagreed that funding was not needed for this purpose.* As the Congress considers President Obama's American Jobs Act, concerns of both the appropriate federal role and funding levels will likely be heard.

When asked if high unemployment was exhausting workforce training funds in their states, 21 reported agreement, compared to 24 last year.

Cuts Make Raising Graduation Rates Problematic

When asked to respond to the item, "In light of state funding cuts, achieving increases in graduation rates will be difficult," 6 report "strongly agree," 18 "agree," 16 are "neutral/don't know," 10 "disagree," and 1 strongly disagrees." Thus, for those venturing opinions, 24 are in agreement and 11 are in disagreement, a 2:1 margin.

A National Resource Imperiled?

Taken together, the recession has lessened the ability of states to use community colleges to prepare the workforce for high wage jobs. With cuts in state operating funds and the exhausting of workforce training funds in 21 states, the much higher pressures reported this year to "quick training" for jobs are understandable. The end of ARRA funds may even intensify competition for scarce state funds next year. Yet the need to fund higher per unit cost high tech programs remains. Is the capacity of the nation's community colleges to build regional economic competitive advantage being imperiled?

TABLE 6

Retooling Unemployed Workers and the Effect of the Continuing Recession

State	Unemployment Rates (July 2011)		Increased numbers of unemployed/ displaced workers have exhausted available workforce training dollars via WIA and other sources for colleges in my state	Concerns over high numbers of unemployed workers are pushing community colleges to offer or expand "quick" job training programs in non-credit areas in my state	Funding is needed to expand high cost programs in areas such as health sciences, engineering technology, and information technology in my state	In light of state funding cuts, achieving increases in graduation rates will be difficult
	%	Rank				
Alabama	10.0	41	Neutral/DN	Agree	Strongly Agree	Disagree
Alaska	7.7	18 (Tie)	Neutral/DN	Neutral/DN	Agree	Disagree
Arizona	9.4	34 (Tie)	Neutral/DN	Agree	Strongly Agree	Strongly Agree
Arkansas	8.2	26	Agree	Agree	Strongly Agree	Agree
California	12.0	49	Neutral/DN	Neutral/DN	Agree	Neutral/DN
Colorado	8.5	28 (Tie)	Neutral/DN	Neutral/DN	Agree	Strongly Agree
Connecticut	9.1	32	Agree	Agree	Strongly Agree	Agree
Delaware	8.1	24 (Tie)	Neutral/DN	Agree	Strongly Agree	Neutral/DN
Florida	10.7	45	Agree	Agree	Strongly Agree	Neutral/DN
Georgia-TCS	10.1	42 (Tie)	Disagree	Disagree	Agree	Neutral/DN
Georgia-UGS	10.1	42 (Tie)	Neutral/DN	Neutral/DN	Agree	Neutral/DN
Hawai'i	6.1	9 (Tie)	Disagree	Agree	Agree	Disagree
Idaho	9.4	34 (Tie)	Agree	Neutral/DN	Neutral/DN	Neutral/DN
Illinois	9.5	36 (Tie)	Strongly Agree	Agree	Agree	Agree
Indiana	8.5	28 (Tie)	Agree	Disagree	Disagree	Disagree
Iowa	6.0	8	Neutral/DN	Agree	Agree	Neutral/DN
Kansas	6.5	11	Disagree	Neutral/DN	Strongly Agree	Disagree
Kentucky	9.5	36 (Tie)	Disagree	Agree	Agree	Agree
Louisiana	7.6	16 (Tie)	Agree	Disagree	Strongly Agree	Agree
Maine	7.7	18 (Tie)	Strongly Agree	Strongly Agree	Strongly Agree	Neutral/DN
Maryland	7.2	13 (Tie)	Agree	Disagree	Agree	Agree
Massachusetts	7.6	16 (Tie)	Agree	Strongly Agree	Strongly Agree	Agree
Michigan	10.9	47	Agree	Neutral/DN	Strongly Agree	Agree
Minnesota	7.2	13 (Tie)	Disagree	Agree	Agree	Neutral/DN
Mississippi	10.4	44	Neutral/DN	Agree	Strongly Agree	Agree
Missouri	8.7	30	Neutral/DN	Agree	Agree	Agree
Montana	7.7	18 (Tie)	Neutral/DN	Agree	Agree	Neutral/DN
Nebraska	4.1	2	Disagree	Neutral/DN	Neutral/DN	Disagree
Nevada	12.9	50	Disagree	Disagree	Disagree	Strongly Agree
New Hampshire	5.2	4	Neutral/DN	Neutral/DN	Neutral/DN	Neutral/DN
New Jersey	9.5	36 (Tie)	Disagree	Strongly Agree	Neutral/DN	Disagree
New Mexico	6.7	12	Agree	Agree	Agree	Agree
New York	8.0	23	Neutral/DN	Neutral/DN	Strongly Agree	Agree
North Carolina	10.1	42 (Tie)	Agree	Strongly Agree	Strongly Agree	Agree
North Dakota	3.3	1	Disagree	Neutral/DN	Agree	Neutral/DN
Ohio	9.0	31	Neutral/DN	Neutral/DN	Neutral/DN	Neutral/DN
Oklahoma	5.5	5	Neutral/DN	Disagree	Agree	Agree
Oregon	9.5	36 (Tie)	Agree	Disagree	Strongly Agree	Agree
Pennsylvania	7.8	21 (Tie)	Disagree	Agree	Strongly Agree	Agree
Rhode Island	10.8	46	Agree	Disagree	Disagree	Disagree
South Carolina	10.9	48	Neutral/DN	Agree	Strongly Agree	Neutral/DN
South Dakota	4.7	3	Neutral/DN	Agree	Agree	Neutral/DN
Tennessee	9.8	40	Disagree	Disagree	Agree	Disagree
Texas	8.4	27	Neutral/DN	Strongly Agree	Disagree	Strongly Disagree
Utah	7.5	15	Agree	Agree	Agree	Agree
Vermont	5.7	6	Agree	Agree	Agree	Agree
Virginia	6.1	9 (Tie)	Neutral/DN	Agree	Strongly Agree	Strongly Agree
Washington	9.3	33	Agree	Disagree	Strongly Agree	Strongly Agree
West Virginia	8.1	24 (Tie)	Agree	Agree	Strongly Agree	Neutral/DN
Wisconsin	7.8	21 (Tie)	Agree	Agree	Strongly Agree	Strongly Agree
Wyoming	5.8	7	Agree	Neutral/DN	Agree	Disagree
Strongly Agree			2	5	21	6
Agree			19	23	21	18
Neutral/Don't Know			19	13	5	16
Disagree			11	10	4	10
Strongly Disagree			0	0	0	1

Source of unemployment data: US Bureau of Labor Statistics, 7/11/11, at <http://www.bls.gov/web/laus/laumstrk.htm>

Source: 2011 Survey of Access and Finance Issues, Education Policy Center, The University of Alabama

Insufficient workforce training funds threaten community colleges' ability to prepare the workforce: 21 agreed or strongly agreed, and none strongly disagreed that continuing high unemployment is overwhelming available federal workforce training funds.

Funding for higher-cost high-tech programs was a major need.

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1. Palmer, J.C. (Editor). Grapevine. Distribution of states, by size of the state tax appropriations for higher education, FY08 (Table 6). Retrieved April 16, 2008 from www.grapevine.ilstu.edu/tables/pdf/Table6_08.pdf (Note--a list of states with and without local revenues is at http://uaedpolicy.weebly.com/uploads/6/1/7/1/6171842/2010state_directors_survey.pdf)
2. The National Council of State Directors of Community Colleges is one of more than 30 affiliated councils of the American Association of Community Colleges. This report was written independently of both organizations; neither the NCSDDC nor the AACCC formally endorsed this report.
3. Responses were received from all 51 NCSDDC members or their designees, representing every state. Puerto Rico, also an NCSDDC member, was not surveyed. Responses from Arizona, Maryland, Nebraska, New Jersey, New Mexico, and Pennsylvania came from their state community college associations. Georgia's responses come from both the University System of Georgia (GA-USG) which coordinates community colleges, and the Technical College System of Georgia (GA-TCS) which coordinates technical colleges across the Peach State. New York's response was from the State University of New York system, and not the City University of New York system.
4. The Advisory Panel for the 2011 National Survey of Finance and Access in Public Higher Education include Marilyn J. Amey, Michigan State University; Anthony P. Carnevale, Georgetown University; Brent D. Cejda, University of Nebraska-Lincoln; Marc Cutright, University of North Texas; Pamela Eddy, College of William & Mary; Linda Serra Hagedorn, Iowa State University; Arthur M. Hauptman, Cary A. Israel, President, Collin College District (TX); Daniel J. Hurley, American Association of State Colleges and Universities; R. Frank Mensel, Education Policy Center, The University of Alabama; Michael T. Miller, University of Arkansas at Fayetteville; James C. Palmer, Illinois State University; Hilary Pennington and Sidney Hacker, Bill & Melinda Gates Foundation; James O. Rose, Wyoming Community College Commission; Terrance A. Tollefson, East Tennessee State University; Holly Zanville, Lumina Foundation for Education; Eboni Zamani-Gallaher, Eastern Michigan University.
5. The authors thank Education Policy Center Fellow Delphine Harris and EPC Research Associate J. Lucas Adair for their assistance with the survey.
6. Respondents could choose whether or not to respond to individual survey questions; thus, the number of responses received for different survey items varies, as do the totals on the data tables presented. Numerical data for last year and predictions for next year for operating budgets, tuition, and state-student aid are estimates. Other survey items are scaled (strongly agree-agree-neutral/don't know/not sure-disagree-strongly disagree), and are perceptions, not actual measures.
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11. Respondents from 15 of 17 states report tuition increased last year at their public HBCUs by an average of 11%. Space does not permit listing here..
12. The 12 states in disagreement that their state's community colleges currently have capacity to meet current and projected numbers of high school graduates are Arkansas, California, Connecticut, Delaware, Louisiana, Nevada, North Carolina, South Dakota, Utah, Virginia, Washington, and Wisconsin. The 12 states disagreeing that their state's community colleges have capacity to meet current and projected numbers of older students returning to college are Arkansas, California, Connecticut, Delaware, Missouri, North Carolina, Oregon, South Dakota, Utah, Virginia, Washington, and Wisconsin.
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THE EDUCATION POLICY CENTER AT THE UNIVERSITY OF ALABAMA

The College of Education's Education Policy Center seeks to inform and improve education policy-making and practice, and our understanding of the roles education plays in a free and equitable society, through a coordinated program of research, topical and historical analyses of education-related issues, and services for education practitioners and policy-makers in Alabama and the nation.

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The Alabama College Transfer Advising Corps (2007-2011) is one of 10 \$1 million national demonstration programs funded by the Jack Kent Cooke Foundation. In partnership with the UA Office of Academic Affairs, the Alabama Community College System, and 13 partner colleges, over 24,000 students attending community colleges in high poverty areas received transfer counseling services.

The University of Alabama Superintendent's Academy is a partnership with Alabama State Department of Education to create a more diverse, competent, and prepared applicant pool ready to assume district-/system-wide leadership positions.

The Carnegie Basic Classification of Associate's Colleges was published in 2006 and updated in 2011. The federal government cannot tell how many community colleges exist, because data are collected by units of accreditation and not districts. The Carnegie Basic codes are embedded in all US Department of Education data bases. EPC Director Steve Katsinas, Senior Fellow Vincent Lacey, and David Hardy of the College of Education are Consulting Scholars to the Carnegie Foundation with this project.

Wayne J. Urban's book, *More Than Science or Sputnik, the National Defense Education Act* (2010), provides a comprehensive re-examination of the NDEA. Urban is now working on a biography of former Harvard University President James Bryant Conant.

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