



How Can Federal Policymakers Provide Community Colleges the Resources They Need?

APRIL 24, 2019 – THE CENTURY FOUNDATION WORKING GROUP ON COMMUNITY COLLEGE FINANCIAL RESOURCES

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1. Community Colleges Are Underfunded and Underperforming

In the United States, where social mobility has been considered a birthright, community colleges are essential to that promise. Two-year colleges are meant to be America's quintessential institutions for the aspiring middle class. But America's 1,000 community colleges, which educate 9 million students and are routinely underresourced, often fall short of their promise. Only 38 percent of students entering community college complete a degree or certificate within six years.

Much of the problem is that community colleges are given the fewest resources to educate those students who tend to have the greatest needs.

- *Greater needs.* While just one in five students at most and highly competitive four-year colleges came from the bottom half of the socioeconomic distribution in 2013, the majority of community college students did.

- *Fewer resources.* In fiscal year 2013, private four-year research institutions spent five times as much per student annually (\$72,000) as did community colleges (\$14,000). Some of that difference is explained by the differing research functions of institutions, but when one excludes research expenses and focuses on education and related expenses, private research universities still spend three times as much as community colleges, and public research universities spend 60 percent more. (See Figure 1.)

2. Adequate Funding for Community Colleges Improves Wages of Graduates

Inadequate funding of community colleges is deeply troubling, given that careful research has found “significant causal impacts” of spending on degree completion. Scholars looking at spending at community colleges between 1990 and 2013 found that a 10 percent increase in public funding boosted awards and certificates by 15 percent. Furthermore, they found that when students complete an associate's degree, they see their lifetime earnings increase on average by more than \$300,000. (See Figure 2.)

This report can be found online at: <https://tcf.org/content/facts/can-federal-policymakers-provide-community-colleges-resources-need/>

3. What Can Federal Policymakers Do?

Create a new federal-state partnership for community colleges in which states must agree to do their part in order to qualify for new federal investments in two-year institutions.

The federal government has a long history of supporting federal-state partnerships in higher education, going back to the 1862 Morrill Act establishing land grant colleges. Federal-state partnerships are common in a variety of fields, such as unemployment insurance, health care, and K-12 education.

A new federal-state partnership to fund community colleges could create important new opportunities. To begin with, the federal government can be a critical source of new funding for community colleges that changes the state-level funding dynamic. As long as states are constrained to what may be seen as a zero-sum game within the realm of education (with four-year colleges, community colleges, and K-12 schools all competing for their share of a fixed amount of state resources), the politics of boosting community college funding are challenging. A new influx of federal funds could create a very different political environment.

In addition, a matching funds program in which the federal government provides new dollars only if states agree to increase their own investments can provide a strong incentive for states to commit the new resources necessary to support community colleges. In the K-12 arena, federal funding under the Elementary and Secondary Education Act has provided a modest amount of revenue but has given federal policymakers considerable leverage in encouraging states to enact a variety of forward-looking policies.

Support a new body of research that will establish, for the first time, what it costs to provide a strong community college education.

Legislators are in a difficult position, having to make decisions about higher education investments without

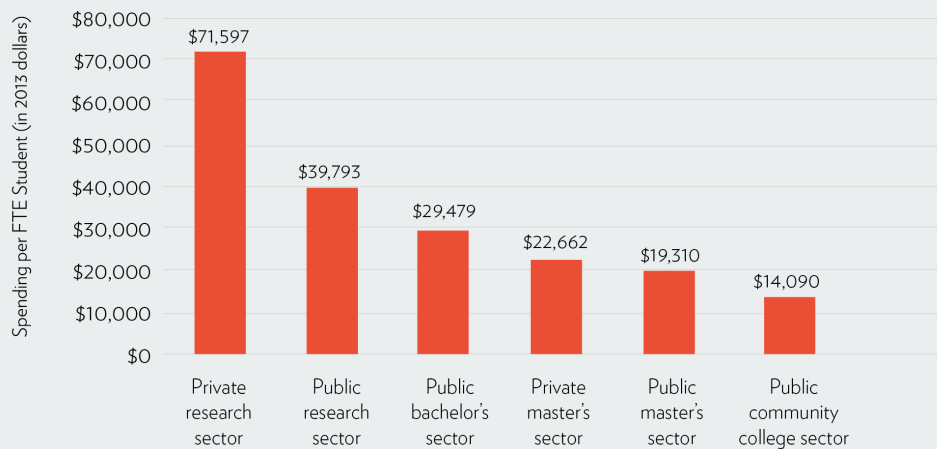
adequate research guidance. There is shockingly little research on a basic question: What level of funding could produce adequate community college education outcomes, increasing the likelihood of students beginning and completing two-year programs and going on to earn a middle-class wage?

Such funding studies are commonplace at the K-12 level, where for forty years, researchers have sought to establish what level of funding is required to achieve adequate outcomes and how much additional funding should be targeted to achieve good results for disadvantaged students in particular. These studies also typically seek to provide guidance on where money should be invested to achieve the greatest bang for the buck. Today, policymakers are making decisions about where, and how much, to invest in community colleges without good information about what is needed. Much better research could greatly improve those decisions, substantially boost the life chances of community college students, and jumpstart social mobility in America.

This factsheet was written by The Century Foundation Working Group on Community College Financial Resources.

FIGURE 1

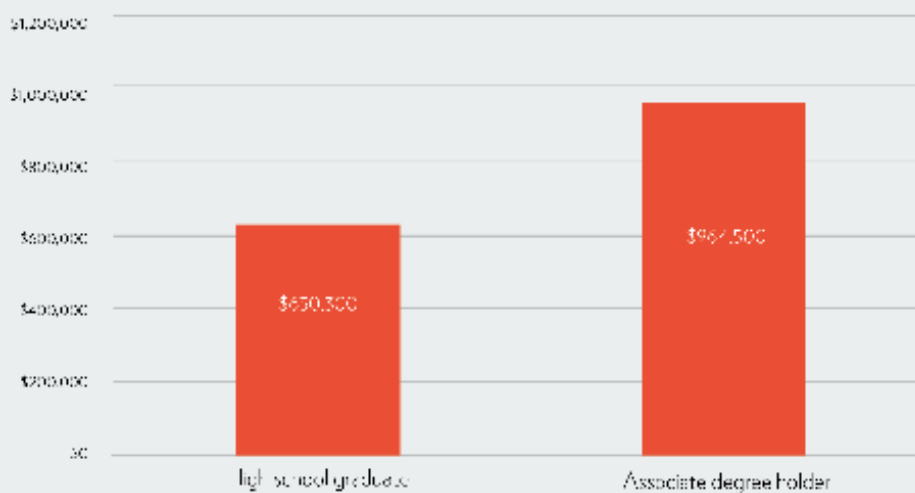
PER-PUPIL TOTAL OPERATING EXPENDITURES, FISCAL YEAR 2013



Source: Donna M. Desrochers and Steven Hurlburt, "Trends in College Spending 2003 to 2013," Delta Cost Project and the American Institutes of Research, January 2016, 24–27.

FIGURE 2

AVERAGE LIFETIME EARNINGS FOR A HIGH SCHOOL GRADUATE
VERSUS AN ASSOCIATE DEGREE HOLDER



Source: Henry M. Loefer and Emma Carls, "Accelerating Community College Graduation Rates: A Benefit-Cost Analysis," *Journal of Higher Education* 92, no. 1 (2016): 1.