

FUTURE CHALLENGES AND OPPORTUNITIES FOR COMMUNITY COLLEGES

CACUBO Annual Conference
October 2016



Agenda

- ▶ Introductions
- ▶ Overview Demographics of Community College Population
- ▶ Housing on Community College Campuses
- ▶ Performance Based funding trends in Higher Education and the impact for Community Colleges
- ▶ Free Community College tuition

Plante Moran

- ▶ Founded in 1924, the 14th largest CPA and Management Consulting firm in the nation
- ▶ Offices primarily in the Midwest as well as internationally in China, Mexico, and India
- ▶ Large Public Sector practice serving Education (Higher Education, K-12 and Private Schools), Governmental Entities and Not-for-Profits
- ▶ Higher Education Practice serves over 60 institutions (community colleges, private colleges, state universities) providing assurance, tax and consulting services
- ▶ Member of NACUBO, CACUBO, and OACUBO

Bismarck State College

- ▶ 2yr. Community College and part of North Dakota University System
- ▶ Fall 2015 Headcount - 4,078
- ▶ Fall 2015 FTE - 2,912
- ▶ 50/50 CTE, Liberal Art/Transfer
- ▶ 63% of students take at least one online course

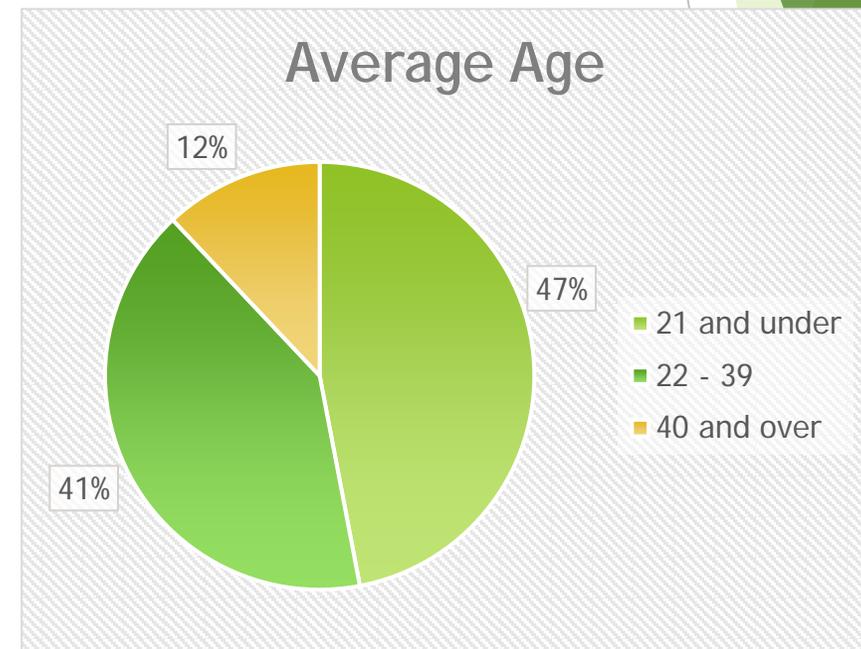
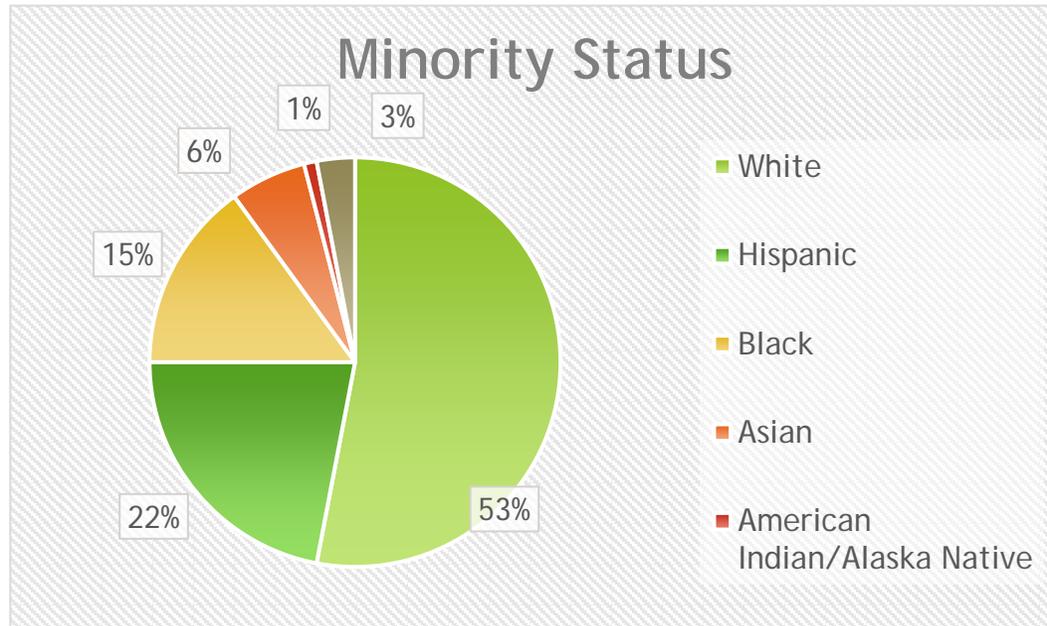
Fox Valley Technical College

- ▶ One of 16 technical colleges in Wisconsin
- ▶ June 2015 headcount: 42,756
- ▶ June 2015 FTE: 6,673
- ▶ More than 200 associate degree, technical diploma and certificate programs

Lansing Community College

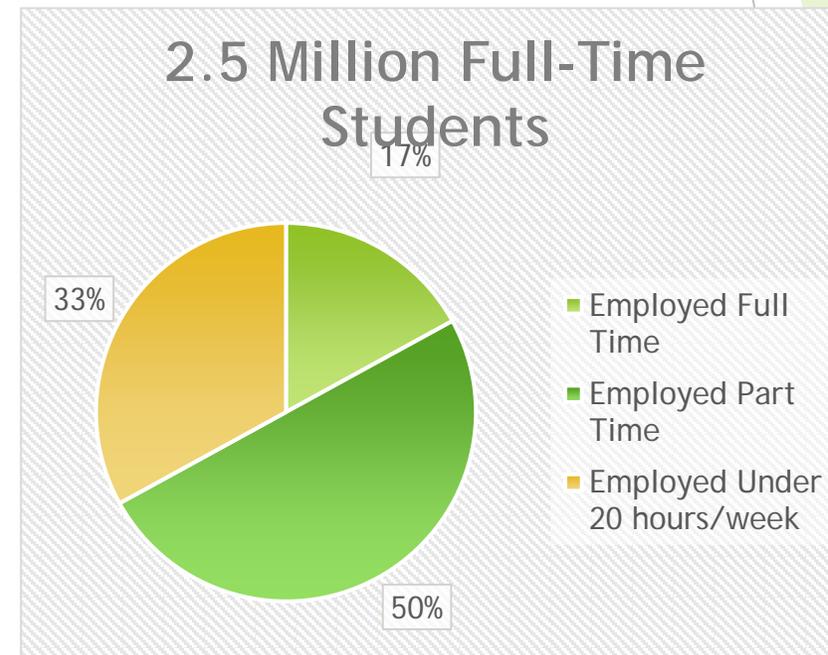
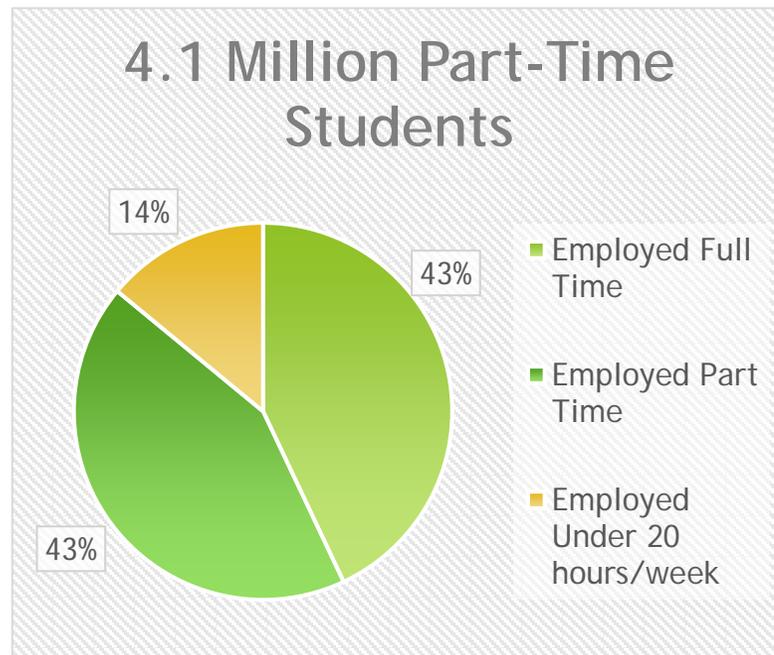
- ▶ 2 year Community College
 - ▶ 116 Associate Degree Programs
 - ▶ 115 Certificate of Completion or Achievement Programs
 - ▶ Several 2+1 and 3+1 program partnerships with numerous Michigan universities
- ▶ Fall 2016 Unduplicated Headcount - 13,832
- ▶ Fall 2016 Student FTE - 8,037
- ▶ 3 Academic Divisions - Arts & Sciences, Health & Human Services, and Technical Careers
- ▶ 38% of students take at least 1 online class

Community College Demographics



Source: U.S. Department of Education, National Center for Education Statistics

Community College Demographics



Source: U.S. Department of Education, National Center for Education Statistics

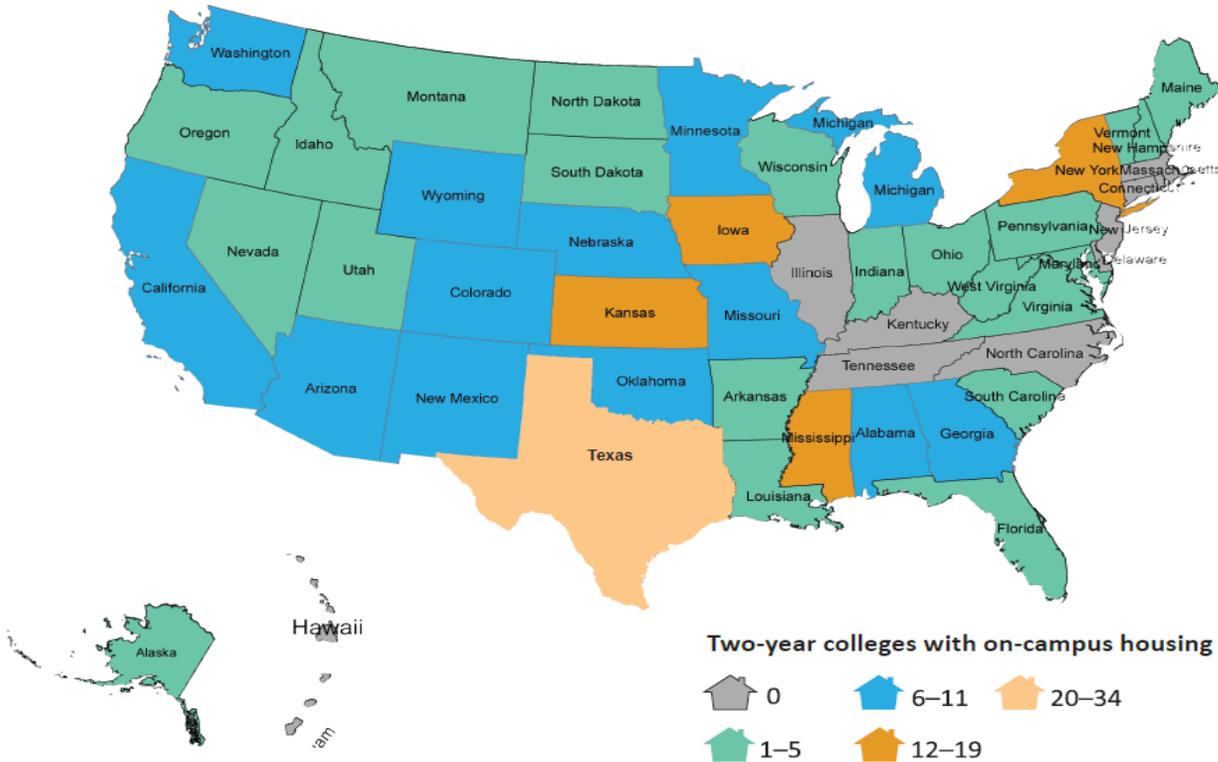
Housing on Community College Campuses

The slide features a white background with a decorative graphic on the right side. This graphic consists of several overlapping, semi-transparent green triangles and polygons of various shades, ranging from light lime green to dark forest green. The shapes are arranged in a way that they appear to be layered, creating a sense of depth and movement. The overall design is clean and modern.

Housing at Community Colleges

On-Campus Housing

Nearly a quarter of U.S. community colleges provide on-campus housing



Over the last decade, public 2-year colleges have seen a gradual growth of on-campus housing. Between 2000-2010, 43 community colleges established new student housing.

Source: AACC data analysis of IPEDS. Institutional Characteristics Data files 2012. U.S. Dept of Education, National Center for Education Statistics, 2007-2008 National Postsecondary AID Study (NPSAS: 08)

Dorms help give 2-Year Colleges a 4-Year Feel

Pros:

- ▶ Helps retention
- ▶ More convenient to students
- ▶ College experience
- ▶ More appealing to students

Cons:

- Bricks and Mortar
- Student services available 24/7:
 - Dining Hall
 - Gym
 - Campus activities
- Mandatory Move-Outs
- Lack of Privacy

Bismarck State College Housing

Current State:

- ▶ Werner Hall (1965) - 99 beds
- ▶ Swenson Hall (1972) - 100 beds
- ▶ Mystic Hall (1979) - 30 beds
- ▶ Lidstrom Hall (2008) - 77 beds
- ▶ Ritchie Hall (2015) - 52 beds
- ▶ Gate City Bank Hall (2016) - 72 beds
- ▶ Historically we've maintained 100% occupancy with significant housing applicant waiting list.

Bismarck State College Housing

Decision making considerations:

- Lack of housing options hurting enrollment
- Tight and expensive housing market in Bismarck/Mandan (oil and gas development impact)
- Revenue bond debt restricted college ability to add beds after Lidstrom Hall and Student Union projects.
- Our college viability ratio trending between .5 and .7 over the past 4 years.

Bismarck State College Housing

Funding:

- ▶ Approached BSC Foundation about building and owning college housing units with College operating lease.
- ▶ Foundation built Ritchie and Gate City Bank Halls - 124 beds - \$5,150,000
- ▶ College provided long term land lease
- ▶ Lease payment to Foundation includes debt service, R&M reserve, insurance, ROI (4%)

Bismarck State College Housing

Operations:

- ▶ College pays for utilities, grounds and landscaping.
- ▶ Important to have strong foundation with the financial ability to make it happen.
- ▶ An agreement between BSC and Foundation includes a provision for the funding of Foundation capital projects to assist in the development and advancement of BSC.

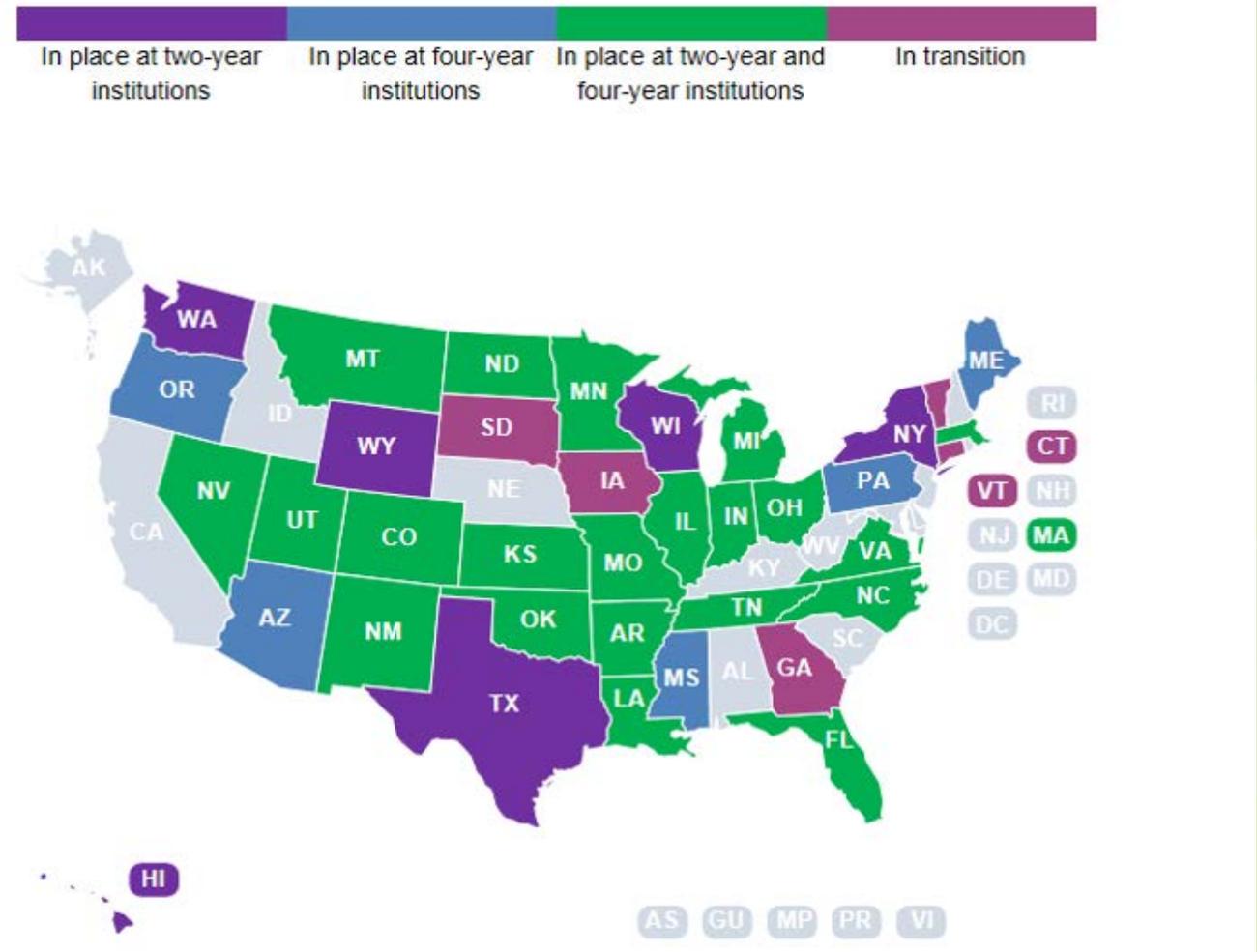
Performance Funding



Performance-Based Funding in Higher Education

Performance-Based funding is focusing on the results versus the enrollment at institutions. It varies by State, as well as by percent of funding (anywhere from 5% of base up to 80%) but primary themes at community colleges:

- Increase in degrees and certificates awarded
- Transfers to baccalaureate campuses
- Success of low-income and adult learners
- Institutional efficiency and accountability



Performance-Based Funding

Pros:

- ▶ Retention rate
- ▶ Higher degree/certification completion rate and timeliness
- ▶ Efficiency and effectiveness
- ▶ Focus on higher risk students with success increases funding

Cons:

- Linking funding to degree rates can lead to grade inflation
- May lead to offering less academically rigorous courses
- Limiting the number of at risk students from enrolling

Items to consider when setting up Performance-Based Funding:

- Keep it simple - too many measures can bog down the system
- Start with a stated goal - Know what you want and set clear expectations
- Get a “buy-in” on goals - Institutional support and measurement from all campus constituents
- Offer incentives - specifically for “at risk” student success

Wisconsin Experience

- Old formula based on enrollment, spending and property valuation
- Performance funding introduced in the state legislature in 2013

Wisconsin Experience

- 9 statutory criteria - *each college must select 7 of the 9 to utilize*
 - Job placement rates
 - Degrees/certificates awarded in high demand fields
 - Programs or courses with industry-validated curriculum
 - Transition of adult basic education students to skills training
 - Success rate of adults in basic education courses
 - Participation in dual enrollment programs
 - Workforce training provided to businesses and individuals
 - Participation in collaboration or efficiency initiatives
 - Training provided to special populations or demographic groups
- Formula uses data from 3 previous fiscal years
- 10% of overall funding in 2014-15, 20% in 2015-16, 30% in 2016-17
- No provision for performance funding after 2016-17

Wisconsin Experience

Positive results

- ▶ Focus on improving outcomes in areas of strategic importance
- ▶ Focus on better data

Negative results

- ▶ Larger colleges fare better under old formula, even if they are top performers
- ▶ Formula is very complicated
- ▶ With a 3 year look back, it takes a long time to move the needle

Things to consider if your state is moving to performance funding

- ▶ Clean up your data
- ▶ Think about how funding will shift
- ▶ Easier to budget if historic data is used, harder if using current year data

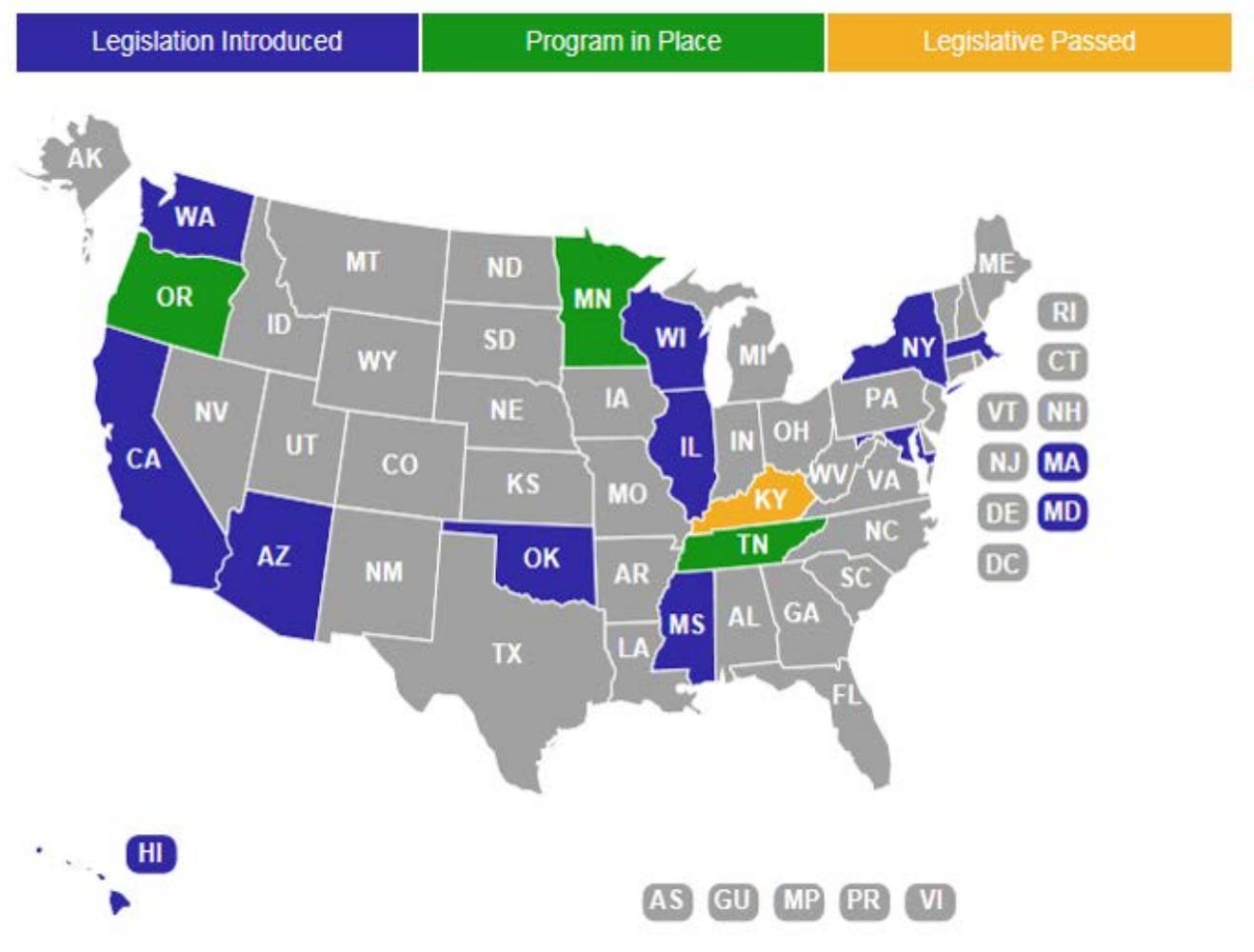
Free Community College Tuition

The slide features a white background with the text 'Free Community College Tuition' centered on the left. On the right side, there are several overlapping, semi-transparent green geometric shapes, including triangles and polygons, in various shades of green, creating a modern, abstract design.

Free Tuition at Community Colleges

President Obama has proposed making two years of community college free. The “America’s College Promise” program would create a federal-state partnership with federal funding covering three-quarters of the average community college tuition, and states covering the rest.

“America’s College Promise Act of 2015” was introduced in Congress to implement President Obama’s proposal. In addition to an estimated nine million community college students, 300,000 students at minority serving institutions would receive tuition waivers. Both proposals would require colleges and universities to utilize federal performance indicators and adopt evidence-based practices and assessments to help improve student outcomes.



Free Tuition - A few Basic Facts

- ▶ In 2015, the total amount of student loan debt in America was estimated to be about **\$1.3 trillion** (over 39 percent higher than it was just four years earlier).¹ And student loans are, by far, the most dominant type of financial aid. During the 2012-2013 school year alone, about 10 million college students took out student loans (a 66-percent increase from a decade earlier).²
- ▶ More than **\$80 billion** is spent each year by the federal government on post-secondary financial aid. In the 2012-2013 school year, that represented over 70 percent of all student financial assistance in the higher education sector.²
- ▶ In 2013, a federal Pell Grant covered only about 30 percent of the average cost of going to a public four-year college or university. Compare that to 1973 when a Pell Grant covered over 75 percent of the cost. So, what about two-year colleges? Is community college free if you get a Pell Grant? Well, it used to be. But a Pell Grant only covered about 60 percent of the cost of attending community college in 2013.²
- ▶ Over 20 million students were enrolled in American post-secondary schools in the fall of 2015, which was almost five million more than in 2000. Roughly seven million of those students attended two-year colleges.³
- ▶ According to estimates from 2013, young adults in America earn over 60 percent more if they have a bachelor's degree than if they only complete high school.³
- ▶ Since the mid-1900s, America's top one percent of income earners have increased their portion of the country's income by more than double.⁴

Source: <http://www.trade-schools.net/articles/should-college-be-free.asp>, Updated on June 29, 2016

¹ [Board of Governors of the Federal Reserve System](#), website last visited on March 1, 2016.

² Lumina Foundation, [Redefining College Affordability: Securing America's Future with a Free Two Year College Option](#), website last visited on March 1, 2016.

³ U.S. Department of Education, [National Center for Education Statistics](#), website last visited on March 1, 2016.

⁴ [Inequality.org](#), website last visited on March 1, 2016.

Free Tuition – Why should it be Free

- ▶ There might be a lot fewer Americans who need to seek other forms of public assistance.
- ▶ People would have more freedom to contribute their talents, try new ideas, and pursue the lives they want if they didn't have to start off in debt or stay stuck in a low-wage job. That could lead to happier people. And happier people could lead to a happier, more prosperous nation as a whole.
- ▶ A better-educated population could result in smarter decision-making at every level of society, which could lead to faster progress in solving our most difficult, collective challenges.
- ▶ Students would be able to focus more on their studies rather than worrying about how to scrape together enough funds for each upcoming school term. As a result, more of them might graduate on time, ready to take on important jobs in their communities.
- ▶ Many of America's top-performing high school students never apply to the most challenging colleges and universities even though they have the ability to succeed at them. They often come from minority and low-income households and end up pursuing more affordable, less-selective schools instead. And that helps create a widening gap between wealthier families and those that are less affluent.
- ▶ Although it benefits many students, the nation's existing financial aid system currently fails to provide an equal opportunity to every qualified American.
- ▶ Graduating with high amounts of student loan debt has been shown to reduce a person's chances of owning a home, getting married, having children, and accumulating wealth.

Free Tuition - Why Shouldn't it be Free

- ▶ With more people choosing to attend public colleges because of their tuition-free status, many schools might have to create wait lists or expand the ones they already have. State budgets could become strained, which might lead to cuts and decreased access to the programs that students want to take.
- ▶ Public colleges and universities might become less worried about wasteful spending since they won't have to compete with other schools on cost. And that could strain public budgets even further.
- ▶ Many students would still have to borrow money for their living expenses as well as for books and supplies. So they wouldn't get to leave school completely debt-free.
- ▶ Students might take their college education less seriously if they don't have to pay for it. So graduation numbers might drop, or the people who do graduate might not be as well prepared for the workforce.
- ▶ Students may not learn to become as financially literate or independent as they should be, choosing instead to stay dependent on government programs whenever possible.
- ▶ If a lot more people are able to earn college degrees, then the value of those degrees could decrease. And that could lead to a rising number of workers who are underemployed based on their qualifications.

Source: <http://www.trade-schools.net/articles/should-college-be-free.asp>, Updated on June 29, 2016

Free Tuition – Are there Alternatives?

- ▶ Greatly expanding the existing Pell Grant program while cutting back on student loans
- ▶ Investing in a better system of youth-development and community-development programs
- ▶ Discouraging the distribution of merit-based financial aid to wealthy students and using that money to provide more opportunities for poor and middle-class students instead
- ▶ Developing a larger and more robust apprenticeship system for the skilled trades and many other vocational areas
- ▶ Establishing better incentives for employers to provide more extensive on-the-job training rather than depending on the higher education system to supply fully qualified workers
- ▶ Providing more incentives to colleges, universities, and trade schools to lower their costs and keep them low
- ▶ Establishing a more extensive system of national service that enables young adults or career-changing adults to learn new skills, become part of something bigger than themselves, and network with other people while helping to solve some of the biggest challenges in the nation's communities—all in exchange for discounted or tuition-free college
- ▶ Investing in better pre-college education that teaches students, in greater detail, about all of the realistic options that are available to them
- ▶ Investing in better financial education for everyone so that all students become financially literate and know how to make money work for them before attending college or getting their first jobs
- ▶ Providing more public support, including research and development funding, to innovators who are creating online, low-cost, and customized alternatives to traditional institutions of higher education

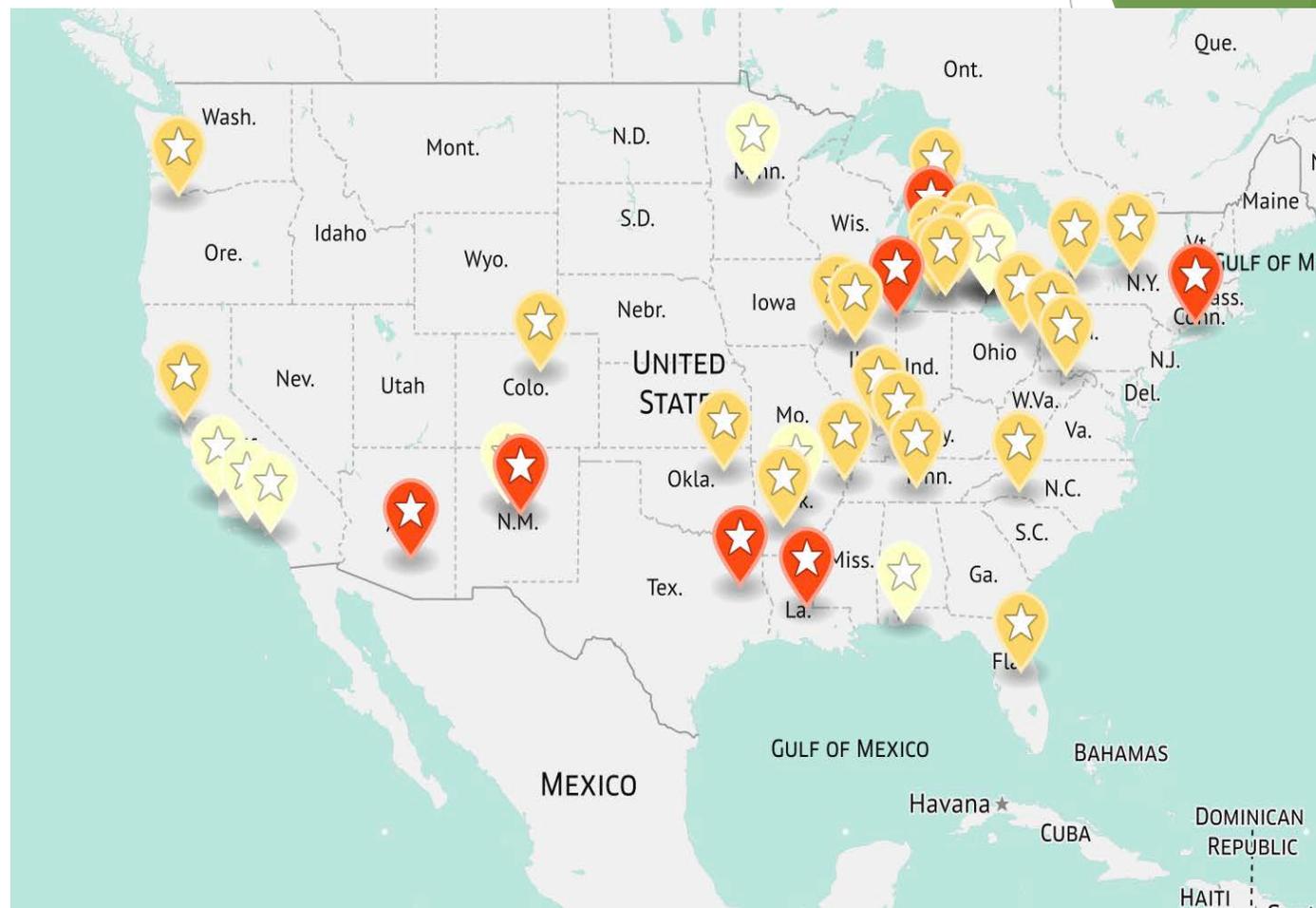
Source: <http://www.trade-schools.net/articles/should-college-be-free.asp>, Updated on June 29, 2016

Free Community College State Movement

- ▶ Tennessee - Enacted legislation in 2014
 - ▶ Tennessee Promise Scholarships - Last dollar grants - students first must utilize all other sources including federal Pell Grants.
- ▶ Oregon - Enacted legislation in 2015
 - ▶ Oregon Promise - \$1,000 for high school graduate enrolling within 6 months of high school or GED completion and cumulative high school GPA of 2.5 or better. Pro-rated for less than full-time.
- ▶ Minnesota - Pilot Program
 - ▶ Recent graduates who enroll in job-skills programs. Two-year program.
 - ▶ Expect 1,300 students to benefit from the \$8.5 million pilot.
- ▶ New Jersey STARS Scholarship
 - ▶ Provides 5 semesters for students in the top 15% of their high school class.
 - ▶ Since inception in 2004, approximately 2,500 students have enrolled.
 - ▶ Provides a follow on program for students continuing onto a four-year college.

Free Community College Local Programs

Promise Programs have grown from one city, Kalamazoo, Michigan, in 2005 to over three dozen currently. Promise communities range in size from Northport, MI - population 526 - - to Pittsburgh, PA - population 305,842 - and are in 18+ states, plus statewide programs in Tennessee and Oregon. They are delivering what they promised -- more college attendance and completion, plus a talented workforce that helps to grow the economy.



Lansing Promise and H.O.P.E. Scholarship Programs

- ▶ Lansing Promise:
 - ▶ Eligibility:
 - ▶ Live within Lansing School District Boundary
 - ▶ Attend 9th-12th grades at high school within boundary (public, private, charter, parochial) and graduate
 - ▶ Get accepted at MSU, LCC or Olivet College and complete the FASFA
 - ▶ Apply to the Promise by the June 1st or November 1st deadlines within one year of graduation.
 - ▶ Benefit:
 - ▶ Tuition assistance for post-secondary education.
 - ▶ 65 credits at LCC or the equivalent dollar amount toward tuition and fees at MSU or Olivet
 - ▶ First Scholarship awarded in 2012
 - ▶ 458 Students accepted to LCC - These students have a 74% Persistence Rate (school average 52%) - 80 have completed a degree, certificate, or transferred to a 4 year program.
 - ▶ 142 Students accepted to MSU - These students have an 86% persistence rate (school average 92%) - Of the first scholar class, 23 of 28 have persisted and are on track for graduation.
 - ▶ To date \$859,477 in scholarship dollars to eligible students - After 2016-17 year the projected total will be \$1,459,500.
 - ▶ Community Involvement and Gala night
 - ▶ Tom Izzo, MSU men's head basketball coach
 - ▶ Irvin "Magic" Johnson
 - ▶ This year 1,300 supports raised \$1.1 million.

Lansing Promise and H.O.P.E. Scholarship Programs

- ▶ Hope Scholarship:
 - ▶ WHAT IS THE H.O.P.E. SCHOLARSHIP PROGRAM?
(Helping Other People Excel)
 - ▶ The H.O.P.E. Scholarship Program is a crime prevention and education initiative in cooperation with the Lansing Police Department, Lansing Community College, Michigan State University, Lansing School District, and City of Lansing in cooperation with local businesses and private citizens.
 - ▶ The H.O.P.E. Scholarship Program offers Lansing School District youth an opportunity for a college education and a brighter future. Students are initiated into the program as sixth graders. Students promise to finish high school in exchange for two free years of tuition at Lansing Community College. The students are chosen by their school, based on their ability to utilize the program.
- ▶ Students receiving the Lansing Promise, must forfeit their H.O.P.E. Scholarship.

National Movement - Status of Legislation as of 4/25/2016

2016 LEGISLATION		
<i>State</i>	<i>Bill Number</i>	<i>Summary</i>
Arizona	House Bill 2229	Requires community college district boards to waive the first two years of tuition and fees for students who reside in Arizona and maintain a 2.5 GPA.
California	Assembly Bill 1583, 1721, and 1741	Three bills that combined would create the California Community College Promise Program. Amend the board of governors fee waiver eligibility requirements so that students who demonstrate financial need of at least one dollar would be eligible and require the board of governors establish a need-based aid program to provide fee waiver recipients with financial resources not to exceed \$1,000 per student per year. Increase maximum Cal Grant B award from \$1,551 to \$3,000, raise age eligibility for the California Community College Transfer Entitlement Program from 28 to 31, and increase the number of Competitive Cal Grant A and B awards from 27,750 to 30,000. Establish the California College Promise Innovation Grant Program for Community college districts that meet certain requirements would receive multi-year grants to establish REgional College Partnership Programs.
Hawaii	House Bill 1613 and Senate Bill 2128	Establishes a tuition waiver pilot project for students meeting certain requirements. Eligibility would be limited to students attending community colleges in counties with a population of less than 100,000 people.
Hawaii	Senate Bill 2061	Establishes the Hawaii Promise Program that would waive tuition for eligible students. The University of Hawaii Board of Regents would have the authority to decide if fees would be included in the waiver. All recipients would receive at least \$1,000 in aid.
Illinois	Senate Bill 2146	Creates the Illinois College Promise program, a last-dollar scholarship program that would cover any unmet tuition expenses after accounting for other federal and state aid. Recipients must meet certain requirements including being enrolled in at least 12 credit hours. (Carry-over bill from 2015)
Maryland	House Bill 18	Establishes a last-dollar tuition waiver for Maryland residents who enroll at a community college within two years after graduating from high school or successfully completing a GED. The bill also establishes a 50 percent community college tuition discount for residents who do not have a high school diploma or GED and have been actively seeking employment but have been unemployed for at least six months.
Maryland	Senate Bill 639	Establishes a task force to study the creation and implementation of a Promise Scholarship Program that would pay for tuition and mandatory fees not covered by federal or state financial aid for public high school graduates attending community colleges.
Maryland	House Bill 1295 and Senate Bill 698	Establishes the Community College Vocational Certificate and Associate's Degree Tuition Waiver Program that will cover tuition for students meeting specified requirements. Participation in the program will be determined by counties in consultation with community colleges. The costs of the program will be split evenly between counties and the state.

National Movement - Status of Legislation as of 4/25/2016 (Cont)

2016 LEGISLATION		
State	Bill Number	Summary
Massachusetts	House Bill 1070	Prohibits Massachusetts residents attending community colleges from being charged tuition or mandatory curriculum fees. The cost of providing tuition-free access will be the responsibility of the commonwealth and not the community colleges. (Carry-over bill from 2015)
Mississippi	Senate Bill 2226	Establishes the Mississippi Works Scholarship Pilot Program that is designed to cover tuition at community and junior colleges for students enrolled in certain career and technical education programs. The last-dollar scholarship pilot program would be for the 2016-17 and 2017-18 academic years.
New York	Senate Bill 6568 and Assembly Bill 9254	Establishes the New York Promise Program. Recipients must be enrolled at least half-time and meet other requirements to be eligible. All recipients must pay \$50 for courses, but the remaining tuition expenses will be covered by federal aid, state aid, or a promise grant. All recipients will receive at least \$1,000 in Promise aid even if other federal and state aid cover tuition expenses.
New York	Assembly Bill 3573 and Senate Bill 484	Creates a reimbursement program for community college graduates who meet certain requirements. Eligible students could be reimbursed for the tuition expenses paid out-of-pocket and not covered by financial aid. Senate Bill 848 is a companion bill.
New York	Senate Bill 4760 and Assembly Bill 5098	Creates a program to allow New York residents to attend community colleges as well as SUNY and CUNY institutions without paying tuition or fees. Recipients must complete at least 25 hours of community service and sign a contract agreeing to live and work full time in New York for five years after earning a degree. Students who do not meet these requirements would have their aid converted into a loan. Assembly Bill 5098 is a companion bill.
Oklahoma	House Bill 2926	Creates the Oklahoma Community College Scholarship. To be eligible for the scholarship, students must meet certain requirements such as maintaining full-time enrollment and a 2.0 GPA. Recipients will be required meet mentoring and community service requirements and to pay \$50. All other tuition and fee expenses will be covered by federal and state aid first with any remaining tuition expenses covered by the Community College Scholarship.
Oklahoma	House Bill 1733	Creates a last dollar scholarship designed to cover the price of tuition at community colleges for recent high school graduates. Recipients would work with mentors, maintain continuous full-time enrollment, and meet community service requirements. This bill would create a trust fund using a portion of lottery revenues to fund the scholarship program. (Carry-over bill from 2015)
Washington	Senate Bill 6481 and House Bill 2820	Creates the Washington Promise Program to provide a tuition and fee waiver for students attending Washington community and technical colleges. Students must meet certain requirements to be eligible and may be enrolled part-time. All students from families with an income less than 70 percent of the state median family income will receive a stipend of up to \$1,500 for books and other education-related expenses.
Wisconsin	Senate Bill 686 and Assembly Bill 903	Creates the Wisconsin Promise Program to provide grants to cover tuition, fees, housing, and textbook costs. All students attending public institutions (including the University of Wisconsin System) in the state that meet certain requirements are eligible for the program. Recipients must sign an agreement to maintain a 3.0 GPA and remain continuously employed in Wisconsin for at least 3 years after graduating. Students that fail to meet these requirements will have their aid converted into a loan. House Bill 903 is a companion bill.
Wisconsin	Assembly Bill 815	Requires technical college district boards to grant fee remissions to residents who meet certain requirements and are receiving funding under a federal program designed to provide technical colleges with two years of tuition-free education.

Questions ??