

Linking Educational Opportunity and Economic Development

A toolkit for community college leaders and policy makers



Funding Formulas

Most states currently fund community and technical colleges and other postsecondary institutions using a formula that is driven primarily by student enrollment, calculated based on a full-time equivalency (FTE), and which typically does not take into account differing program costs. According to a 2000 survey by the Education Commission of the States (ECS), just four states provide the same level of support for noncredit workforce education programs as for credit programs, and only 17 provide the same level of support for remedial/developmental education as for regular classes.⁹

In recent years, a number of states have made notable progress in the area of community college finance.¹⁰ They include:

Pennsylvania has retooled its funding formula to provide more generous reimbursement to community colleges that train students in high-demand occupations at a higher-than-normal rate. The amount of additional funding varies from year to year based on the overall number of FTEs in the state.

Ohio now distributes funding to community colleges on a per-student amount based on the program area in which a student is enrolled. Colleges receive between \$1,048 and \$4,276 per FTE in general education classes, but for students in nursing and engineering, the FTE allocation is \$7,101.

In Washington, the State Board of Community and Technical Colleges' innovative I-BEST programs are funded at a rate of 1.75 times the rate of a full-time enrollment in a regular course to cover the cost of joint development and teaching by two instructors.

In Mississippi, a new funding formula for community colleges shifts from measuring fall headcount to using semester credit hours generated for the summer, fall and spring semesters to determine FTE. In addition, credit hours generated by part-time vocational and technical semester hours are included in the calculations and earn as much revenue in the funding formula as a per-semester credit hour taken by a full-time student in a general education track.

Oregon funds both developmental and adult education on an FTE basis, and provides the same level of support as for regular credit classes. Several states – Arkansas, Massachusetts, Minnesota and Nevada – provide a higher FTE reimbursement for developmental education than for regular classes.