

Stronger Community College Finance as a Lever for Student Success

Maria Cormier, Community College Research Center

Stephanie Murphy, HCM Strategists

Russ Deaton, Tennessee Board of Regents

CCRC COMMUNITY COLLEGE
RESEARCH CENTER

TEACHERS COLLEGE, COLUMBIA UNIVERSITY



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Agenda

- **Welcome & Opening**
Why Community College Finance?
- **Setting the Stage**
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- **Community College Finance**
HCM's Policy Analysis & Key Implications
- **Insights from CCRC Analysis**
Research Findings and Perspectives
- **Bringing it All Together**
Implications for Tennessee's Future
- **Breakouts**
- **Report Out**

Why Study Community College Finance?

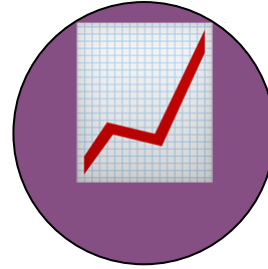
Finance systems can either reinforce or repair challenges.



**Access
&
Affordability**



**Workforce
Development**



**Success
&
Retention**



**Funding
&
Resource
Allocation**

What's Happening in Tennessee?

Setting the Stage: Context & Current Landscape

Community College Finance in Focus

HCM's Policy Analysis & Key Implications

CC Finance Systems Are Falling Short

Funding models shape access and outcomes — *for better or worse.*

Challenges:

🚫 Inadequate & inequitable funding

⚠️ Systems reinforce inequities




🔍 Lack of clear understanding

	CA	OH	TX (Pre-HB.8)
State	65%	42%	20%
Local	20%	18%	50%
Tuition	15%	40%	30%




HB.8 – A Game-Changer in Texas

Outcomes now built into Texas' funding formula.

Before HB.8:

-  Funding based on enrollment
-  Uneven local tax resources
-  Short-term credentials not in formula

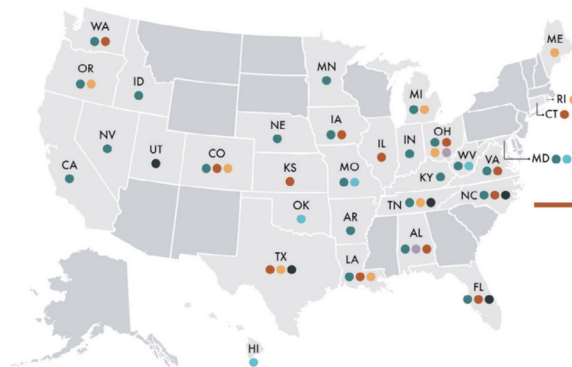
After HB.8:

-  Funding based on outcomes
-  Adjustment for property taxes
-  Short-term credentials now count

Shift Toward Workforce Credentials, Value

Funding is evolving to prioritize value and workforce alignment.

Billions in Funding for Short-term Credentials as State Investments Soar



\$5.6 Billion

70 Short-term Credentials Initiatives

Across 32 states

As of November 2024, states have invested in excess of \$5.6 billion in short-term credential initiatives

\$4B+ in direct student aid

Credential value = eligibility

Bipartisan momentum

17 10 new initiatives in 2024



Over the last year alone, 10 new state-funded short-term credential initiatives in 8 states have launched, increasing total investments by roughly \$1.7 billion — from \$3.8 billion to \$5.6 billion.

Types of State Funding for Short-term Credentials Initiatives

- Student – Financial Aid
- Institution – For Capacity-building
- Institution – For Student Supports/Aid
- Part of State Outcomes-based Funding Formula
- Private Provider
- Other

Insights from CCRC

Research Findings & National Perspectives

Institutional Practices



Prioritizing enrollment

- Expansion of tuition subsidies (e.g., promise programs) and other affordability programs
- Strategic outreach efforts designed to recruit adults and historically underserved students



Focusing on reducing gaps in persistence and completion

- Providing holistic supports, including those intended to improve outcomes of historically underserved students
- Applied HEER funds to technology and online teaching/learning



Adapting budgeting approaches to support student success

- Leveraging diverse funding streams to support student success initiatives
- Strengthened use of data to show efficacy in resource-constrained institutional decision-making contexts

Considerations

- Community college **funding restrictions** make it difficult for institutions to align their practices to best serve student needs.
- Tension between implementing **large-scale change** and current finance systems.
- Increased **focus on shorter-term credentials** may have implications for budgets that rely on FTE.

Implications for Tennessee

Connecting the Dots & Looking Ahead

Breakouts

- How can this type of analysis help state policymakers understand and inform state investment in community colleges?
- How can institutional leaders use this work to inform campus-level investments and better advocate for state support to impact student success?
- What other resources or policies may not be captured in this analysis that could influence or impact college budgeting and decision making?