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**Statement of Dr. Alex Johnson
President, Community College of Allegheny County
and
President, Pennsylvania Commission for Community Colleges**

Before the House Appropriations Committee

March 1, 2012

Harrisburg, Pennsylvania

Budget Presentation for Pennsylvania's Community Colleges

Good morning Chairman Adolph, Chairman Markosek and members of the Appropriations Committee and guests. Thank you for the opportunity to come before you today to discuss the budget request of Pennsylvania's community colleges. I am Dr. Alex Johnson, President of the Community College of Allegheny County and President of the Pennsylvania Commission for Community Colleges. Joining me today are Dr. Nick Neupauer, President of Butler County Community College and Vice President of the Commission, and Dr. Jim Links, President of Bucks County Community College. Dr. Links serves as chair of our Capital Work Group and is a resource for capital funding issues.

To remain economically viable and competitive, the Commonwealth must value an educated and skilled workforce. Let me preface my remarks with a couple of brief quotes from a book I highly recommend, *The Coming Jobs War*, by Jim Clifton, CEO of the Gallup polling organization. "My big conclusion from reviewing Gallup's polling on what the world is thinking on pretty much everything is that the next 30 years won't be led by U.S. political or military force. Instead, the world will be led with economic force - a force that is primarily driven by job creation and quality GDP growth . . . The demands of leadership have changed. The highest levels of leadership require mastery of a new task: job creation." Clifton goes on to cite our U.S dropout

rate, a statistic that we are all too familiar with, combined with lack of preparation, and lack of entrepreneurship as factors that are putting us at a huge disadvantage. He concludes that “If the problem isn’t fixed fast, the United States will lose the next worldwide, economic, job-based war because its players can’t read, write, or think as well as their competitors in a game for keeps - their talent doesn’t get maximized. Even more deadly, Gallup suspects that those students’ spirits and hopes are being irreparably broken.”

The last comment by Mr. Clifton is a particularly good lead-in to our discussion today and the Governor’s proposed budget for the state’s 14 public community colleges. As the Commonwealth’s only open access institutions, we recognize that one of the core missions we have is about engaging students by giving them hope - the hope that comes from a clear vision of working at an exciting job in the Commonwealth or pursuing a baccalaureate - another pathway that will lead to exciting career. Community colleges have a long history of working with employers and with a disparate student population. We recognize that students have differing talents, motivations, interests, and learning styles, but they all will ultimately need a job. And they all will need post-secondary education and training to acquire the good jobs in our state.

As open access institutions, our missions encompass academic studies, occupational/ vocational preparation, and developmental education while also offering college credits - the foundation for a postsecondary credential and a higher-skilled, better paying job. We meet students where they are and help them achieve their educational goals.

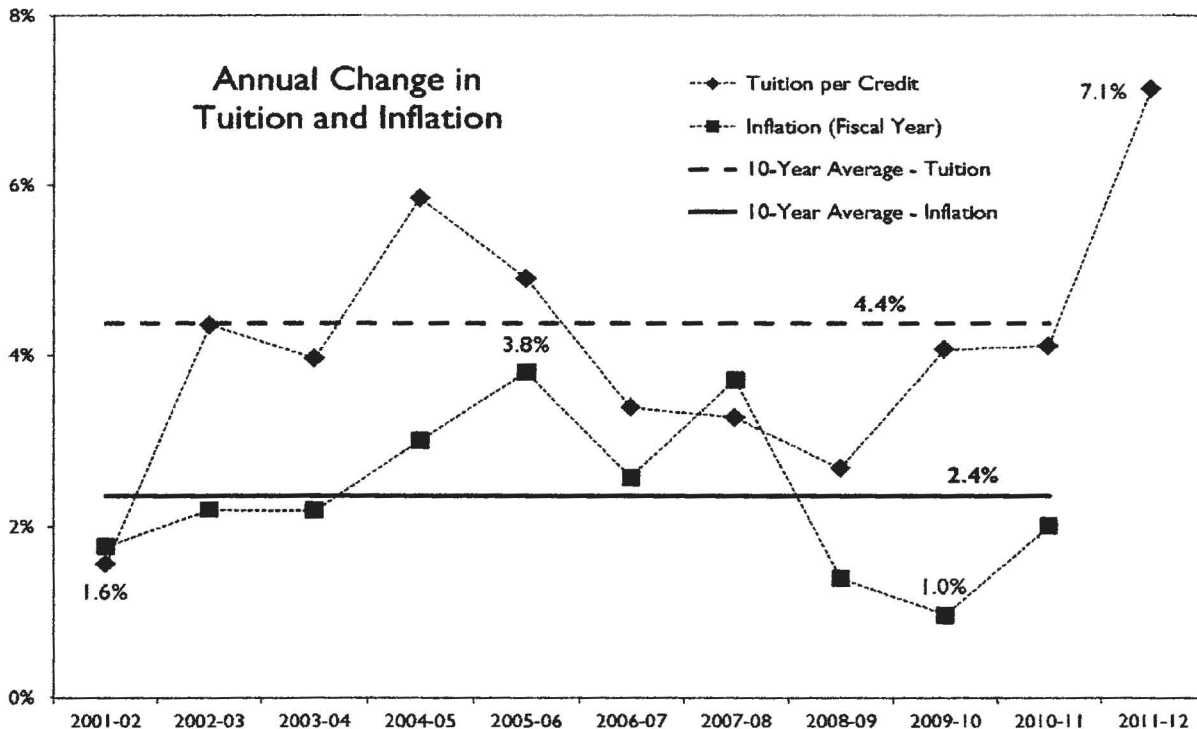
Today, the 14 community colleges are serving more than 350,000 students through credit programs or in noncredit workforce development. In addition, we serve 54,596 individuals through our contracted training with - at most recent count, 1,215 - employers and an additional 21,116 workers through WEDnetPA. Nearly 12,000 students through dual enrollment and 3,100 veterans bring the total to just shy of a half -million Pennsylvanians who take advantage of our excellent and affordable community colleges. We provide education and training at campuses and locations in 44 of the 67 counties.

Allow me to provide a broad overview of our student demographic: 97% of our students are Pennsylvanians, 40% are 25 years of age or older, 28% are minorities, 58% attend part-time, and 51% receive financial aid. **The median family income for students across all institutions is \$26,058 while the state’s median family income stands at \$49,288.** There is little doubt,

given this data, that our institutions are clearly meeting a need that would otherwise go unfilled.

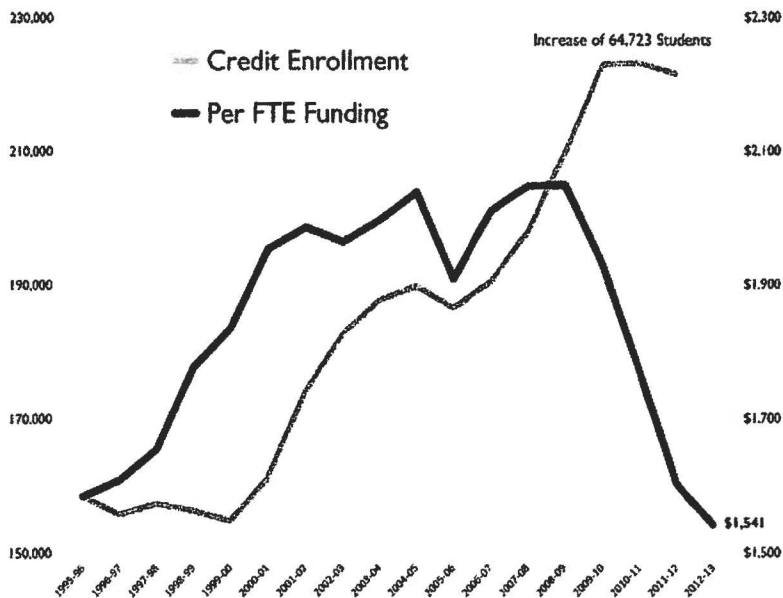
Enrollment continues to grow for some but not all colleges although the rate of growth is slowing. But even with modest enrollment growth, it takes great effort to meet these demands in the context of limited state and local support, rising benefit and other support type costs, and in facilities that have long surpassed their capacity. Despite all of this, our colleges have been remarkably resourceful and successful in serving increasing numbers of students while maintaining tuition rates often in line with the CPI (Consumer Price Index).

The average tuition for the current academic year for sponsored students stands at \$99 per credit or an average of \$3,044 per year - this is, on average, a \$7 per credit increase over the last academic year. As presidents, we are concerned about any tuition and fee increase because we know that makes it all that more difficult for a large number of our students who already face significant financial hurdles. Tuition and fee increases are magnified by the fact that 51% of our students are receiving financial aid. Many of the others not receiving financial aid are struggling with work and family burdens and attending part time or less than part time - financing their college education on shoe string budgets.



With the 10% reduction in state support in this current fiscal year and no assistance to meet the student enrollment demands, community colleges have instituted a laundry list of cost reduction measures including restructuring health care, freezing salaries, and leaving vacancies unfilled across the institutions. More striking though is that colleges have had to delay the implementation of new programs or reduce course offerings in needed fields such as welding, biotech, environmental technologies - all of which impact students at a time of great need. In addition, any new capital projects which could relieve the enrollment pressures are being placed on hold without state assistance.

Let me offer another perspective on the proposed budget for community colleges. As the chart below demonstrates, state support is at a level below 1995-96 while enrollment has grown by nearly 65,000 students in this same time. The irony of this erosion of state support comes at a time when the Commonwealth and its residents need community colleges to be providing more, not less, in terms of programs and access.



Allow me to offer the following, not as an indictment of our colleague institutions, but rather a demonstration of the fiscal confines with which our colleges operate. In the Pennsylvania Business Central Book of Lists (2011) these two schools are side by side: Westmoreland County Community College has 7,397 undergraduates and a budget of \$37,967,125. Pennsylvania College of Technology has 6,290 undergraduates and a budget of \$102,200,000. Penn College indicates that all 6,290 students are full time. The state supports the Thaddeus Stevens College of Technology's 880 FTEs (as per the Governor's FY 12-13 budget request) at \$13,095 per FTE. The

state supports the community colleges at a rate of \$1,541 per FTE under the FY 12-013 budget proposal.

For the community colleges, 68 percent of our budgets are spent directly on students through instruction, student supports, and student aid.

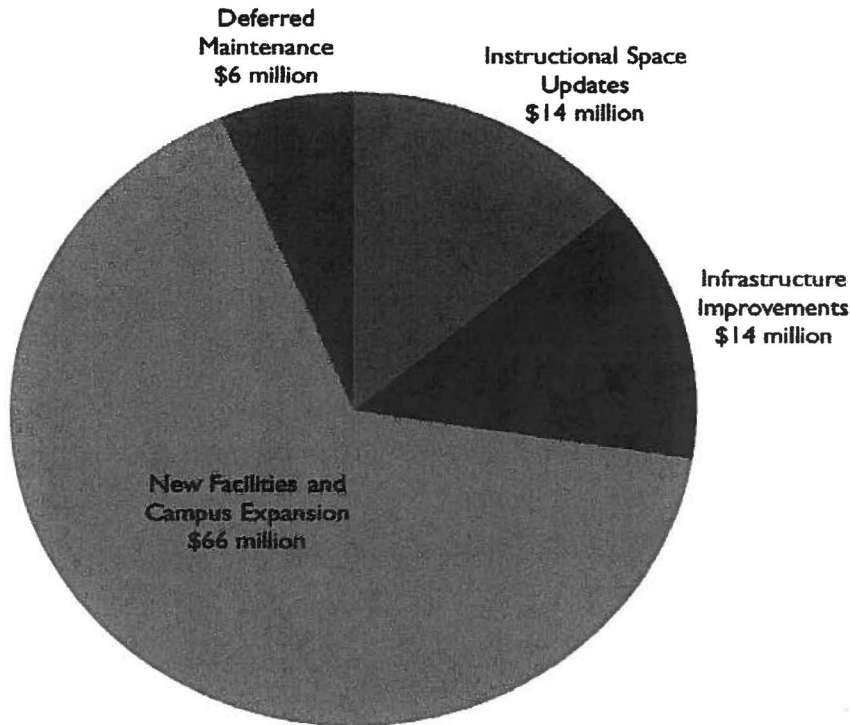
Before I continue, I want to note that our 14 community colleges believe the diversity of Pennsylvania's higher education institutions and the opportunities afforded all students of disparate economic, social, and academic backgrounds is a tremendous asset to the state. The reductions to higher education across the spectrum come at a time when education and opportunity should be a top priority for state investment.

Capital funding remains a crucial issue as well for the community colleges. In 2008, Benatec - a Harrisburg area engineering firm - completed a capital needs assessment of the 14 colleges. Their study revealed \$800 million in unmet capital needs. At that time, we offered a multi-year funding plan to the legislature and Administration that would begin to address these needs while reducing the annual impact on the state budget. Because capital is funded differently for community colleges than state system, state related, or private universities, the funding is often misunderstood.

In the last three of the four fiscal years, the community colleges have NOT received any state assistance for capital projects. FY 12-13 will be the fourth year without one new capital dollar. And the last year funding was received (09-10) the amount was \$1.86 million.

The current capital line item of \$46 million is **completely obligated to ongoing capital projects** across the 14 community colleges and will not afford any new projects in 2012-13. In fact, we are concerned that the line item amount will not be wholly adequate to cover anticipated debt service costs for the coming fiscal year. Since the separate capital line item was established in 2005, \$8.5 million in new dollars has been appropriated for capital. **This \$8.5 million state investment has leveraged nearly \$480 million in total project value.** A modest investment by the state in community college capital secures a substantial commitment for our institutions and communities.

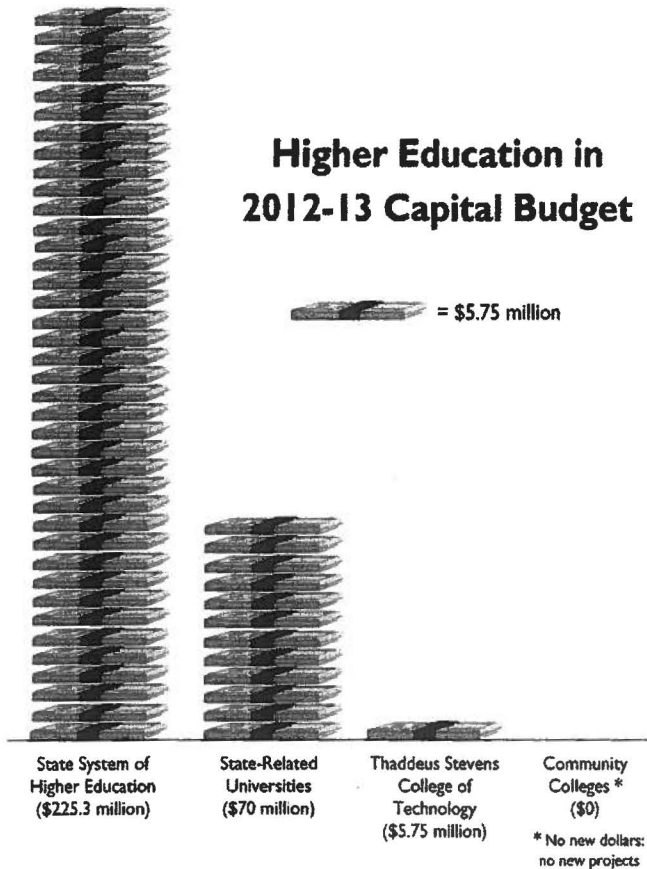
Community colleges currently have \$100 million in shovel ready projects. As the chart below shows, these projects are critical to the mission, survivability, and accessibility of our institutions.



The state, by statute, provides 50% of the funding toward a capital project in the form of annual payments to the institutions for lease or debt service. The community colleges fund the other 50% through local sponsors and private fundraising. The state’s annual payments for debt service are not dissimilar to the capital budget process with the most notable exception being that the state does not issue the bonds for debt service projects. The bonds are held locally. Therefore, **our capital projects do not impact the state’s debt limits** and do not influence the state’s bond rating.

In Budget Secretary Zogby’s mid-year briefing, he highlighted the state’s commitment to the PASSHE and state related universities at \$150 million of capital budget funding. In the Governor’s proposed budget for FY 12-13, he included a number of projects for these institutions (see graphic below).

Higher Education in 2012-13 Capital Budget



Source: 2012-13 Governor's Executive Budget, Capital Budget, Department of Education

Pennsylvania Commission for Community Colleges

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The 14 community colleges are requesting \$10 million in capital funding which will allow the \$100 million in shovel ready projects to proceed. This request is comparable to the amount the Governor and Secretary Zogby are providing for the other higher education institutions.

Let me add that not only have community colleges not received any new funding for capital, we have lost ground with the state pulling back the nonmandated capital funding. Nonmandated capital funding has been by the colleges to purchase academic equipment. This assistance for academic equipment became even more critical with the changes in capital guidelines since 2005. After several efforts under the previous Administration, we learned earlier this year that two years of nonmandated capital had lapsed to the state general fund and would not be distributed to the community colleges. This is very troubling for our institutions who are struggling to ensure our students have the most up-to-date equipment on which to learn.

Our colleges have and do continue to reach out to the state's underserved and unserved areas to offer services even though our current funding structure does not recognize this. We continue

to provide for the state's workforce by producing more individuals with degrees and certificates in high priority occupations than any other sector. And our institutions continue to be the gateway to the baccalaureate for many Pennsylvanians with more than 1,000 separate articulation agreements with colleges and universities.

Our graduates - on average, 91% - stay in Pennsylvania. They work in our communities or transfer to other institutions within the state. In fall of 2010, 3,440 community college graduates transferred to PASSHE universities. And 24,000 of our graduates transferred to other colleges and universities. Many others become nurses, radiology technicians, dental hygienists, automotive technicians, emergency-service personnel, child-care providers, and fill other essential occupations in our communities.

The loss of state and local funding though is eroding the accessibility and affordability of the community colleges. Our core structural funding and the funding framework established through the 2005 statute have been essentially placed on hold. This funding framework has several components - base, growth, and economic development stipends as well as a hold harmless provision. All of these components working together allowed for some stability and predictability in funding while also affording the colleges to be flexible and responsive to meeting the needs of regional and state employers and changes in the job market.

With the reductions in funding to community colleges and to all higher education sectors, we must ask - "what is the Commonwealth's vision for the future?". If the state is to be competitive and attract new industries while growing existing businesses and encouraging entrepreneurship, we cannot do this within the current constraints of the policy and fiscal decisions. We must think more boldly, more globally. We must look beyond the short-term savings. Investment in educational opportunities afforded to all Pennsylvanians is critical. From Pre-K to high school to higher education, from traditional pathways of education to the new avenues of learning, and from entrepreneurship to skills and technical training - all are important and never at a more critical time.

I will conclude by reiterating the comments of Mr. Clifton expressed at the beginning of my remarks, "If the problem isn't fixed fast,... the United States will lose the next worldwide, economic, job-based war because its players can't read, write, or think..."

Thank you for the opportunity to share our comments.