



Key Issues Facing the N.C. Community College System:

Enrollment Trends, Faculty Compensation, Funding Formulas, and Strategic Planning

by John Quinterno

Executive Summary

Founded in 1963 to help North Carolina transition from an agricultural to an industrial economy, the N.C. Community College System offers work force education, economic development services, and community enrichment programs across the state. Key issues facing the system include those related to enrollment trends, faculty compensation, funding formulas, and strategic planning.

Some 800,000 individuals walked through the open doors of North Carolina's community colleges during the 2005–06 academic year—a headcount four times greater than that of the University of North Carolina. Thirty-three percent of all community college students were in curriculum programs leading to an academic credential, while the balance were taking

non-credit, continuing education courses. During 2005–06, the N.C. Community College System enrolled 47.4 percent of all the college students in North Carolina seeking academic degrees, according to the Southern Regional Education Board (SREB). SREB data also show that the system enrolled more students and conferred more associate's degrees than its counterparts in virtually every other southern state.

Enrollment Trends

Between the 1994–95 and 2005–06 academic years, the N.C. Community College System's full-time equivalent (FTE) enrollment grew by 54 percent. Both curriculum and continuing education programs posted sizable increases. On

one level, recent enrollment growth testifies to the power of the N.C. Community College System's open door policy. On another level, adding the equivalent of almost 20,000 full-time students between 2002 and 2006 exacerbated many of the serious personnel, financial, and planning issues that long have confronted the system.

Faculty Compensation

Like any large service organization, the N.C. Community College System devotes the bulk of its budget to personnel costs. During the 2006–07 academic year, the N.C. Community College System's colleges employed 14,151 full-time faculty, administrative, professional, and support personnel. The rapid enrollment growth of recent years has necessitated the hiring of additional faculty members. The system's colleges added some 1,176 full-time faculty members between 2000–01 and 2006–07.

Local colleges employ faculty members whose salaries are supported by state appropriations. During the 2005–06 academic year, the average full-time N.C. Community College System faculty member earned \$40,989. The average full-time faculty member at the University of North Carolina, by contrast, was paid \$80,784, ranking 13th in the nation for public university faculty pay. The average North Carolina public school teacher salary is \$46,410, ranking 27th in the nation.

Community college faculty in North Carolina also earn less than their peers at two-year institutions across the nation and region. Average N.C. Community College System salaries equaled 74 percent of the 2005–06 national average of \$55,405 for community college faculty. That year, average community college salaries in North Carolina ranked 46th in the nation.

Low pay is not a new issue for the N.C. Community College System. Over the past 15 years, incremental steps to improve faculty salaries have been taken. Recent budget proposals by Gov. Mike Easley and spending plans adopted by the 2007 N.C. General Assembly, for example, raised faculty salaries by 5 percent. The State Board of Community Colleges also has offered incentives for campuses to better salaries. These modest steps, however, have been offset by the N.C. Community College System's need to hire more faculty to meet enrollment growth and to keep pace with retirements and attrition.

Poor pay is especially problematic for high-cost programs like nursing, a well-paying field that is facing a shortage of qualified personnel. Yet the N.C. Community College System struggles to attract instructors because the pay is not competitive, and a qualified nursing instructor can earn considerably more in a clinical setting. This same problem afflicts a variety of high-demand fields and hinders the system's ability to train workers for lucrative jobs vital to the state's well-being.

Funding Formulas

A mix of state appropriations, local government funds, and tuition revenues, along with some federal funds and private fundraising, funds North Carolina's community colleges. The N.C. Community College System depends upon the state for 69.1 percent of its budget, local governments for 12.7 percent, tuition receipts for 12.5 percent, and other sources for the remaining 5.7 percent. State dollars generally bankroll current operating expenses, while local governments support the operation and maintenance of physical plants.

The funding model that supports the community college system contains four significant flaws. First, the full-time equivalent

(FTE) calculation is ill-suited for periods of rapid enrollment growth. Second, the current funding formula fails to account for differences in program costs. All FTEs earned by the N.C. Community College System carry the same financial value, yet some programs are more expensive to operate—for instance, allied health programs. Third, the existing funding model provides no resources to start or expand new programs. Fourth, current funding formulas inadequately address equipment and facility needs. The N.C. Community College System currently receives the equivalent of \$214 per FTE for equipment funding. In light of the fact that the system requires \$47 million per year for the next few years just to maintain existing equipment, current funding appears inadequate to meet system needs. Limited resources, in turn, have forced the elimination of 98 programs with expensive equipment needs. (See Scott Ralls, “Facing Brutal Facts: North Carolina Community Colleges in the New Economic Landscape,” p. 4).

Strategic Planning

Addressing the long-term challenges facing the community college system in light of existing resource constraints requires the N.C. Community College System and its member colleges to think systematically about critical issues and potential solutions. Such long-term planning, however, is complicated by the relationship between the statewide system and the individual campuses. Unlike the University of North Carolina System, the N.C. Community College System is organized as a federation of quasi-independent institutions, meaning that the State Board of Community Colleges acts more as a coordinating body than as a governing one.

The N.C. Community College System currently relies upon a two-tiered strategic plan-

ning process: one for the statewide system, another for the individual colleges. On the state level, the central office in Raleigh sponsors a biennial planning process that aims to identify critical issues, develop adequate responses, and acquire needed resources. Individual colleges, meanwhile, are required to prepare regular institutional effectiveness plans. To improve college accountability, the legislature required institutional effectiveness plans to incorporate the data needed to measure progress towards certain “critical success factors.” Those 42 factors fall into five broad areas: core indicators of student success, work force development, diverse population learning needs, resources, and technology. Out of those 42 factors, the 12 that are most closely related to academic performance are used to award performance funding to local colleges, while the other measures are used to inform the statewide strategic planning process.

The establishment of critical success factors that reflect the N.C. Community College System’s core mission focuses the attention of the individual colleges on essential functions, highlights success in achieving goals vital to individual students and local communities, and offers incentives for outstanding performance. At the same time, the relative autonomy of the individual campuses means that the quality and usefulness of the college-level planning processes may vary greatly.

While the events of the past several years have demonstrated the power and potential of individual colleges, recent events also have exacerbated serious enrollment, personnel, financial, and planning challenges. Meeting these four challenges is key to the ability of North Carolina’s community colleges to connect individual residents to opportunities and help transform North Carolina into a more prosperous state.

Nestled alongside the Durham Freeway, a few miles southeast of the central city, sit a dozen or so nondescript, low-rise buildings. To a casual passer-by, the simple structures would appear indistinguishable from several neighboring industrial facilities, even though they serve a radically different purpose. Taken together, those structures form the main campus of Durham Technical Community College, or Durham Tech.

An approximately \$30 million annual operation, Durham Tech offers academic, vocational, basic education, continuing education, and customized training to individuals in Durham and Orange counties.¹ During the 2005–06 academic year, Durham Tech served more than 25,000 individuals through courses offered at the main campus, two satellite centers, community sites, and via distance learning technologies.² Durham Tech’s services likely will expand significantly once construction of a second campus in Orange County is completed in 2008.

Based on a quick glance, a passer-by never would suspect that Durham Tech’s simple buildings along Lawson Street constitute a complex, multi-million dollar operation. Nor would a visitor guess that Durham Tech itself is part of the larger N.C. Community College System. The N.C. Community College System is a \$1 billion-plus annual enterprise that in 2005–06 provided educational services to some 800,000 students—12 percent of the state’s adult population.³

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Enrollment Trends: The Promise and Problems of the Open Door

Speaking in 1964, W. Dallas Herring, a driving force behind the N.C. Community College System’s founding, said, “The doors to the institutions of North Carolina’s system of community colleges must never be closed to anyone of suitable age who can learn what they teach.” An unwavering commitment to Herring’s “open door” policy has become the defining characteristic of the N.C. Community College System. To that end, state statutes require the system to admit

all students who have completed high school or who are beyond the age range of the public school system.⁴ Further evidence of the open door policy is reflected in the fact that every state resident lives within commuting distance (generally 30 miles) of a community college or can access programs via distance learning technologies.⁵

Some 800,000 individuals walked through the open doors of North Carolina’s community colleges during the 2005–06 academic year—a headcount four times greater than that of the University of North Carolina. Thirty-three percent of all community college students were in curriculum programs leading to an academic credential, while the balance were taking non-credit, continuing education courses. During 2005–06, the N.C. Community College System enrolled 47.4 percent of all the college students in North Carolina seeking academic degrees, according to the Southern Regional Education Board (SREB), a nonprofit compact of 15 southern states that helps shape education policy.⁶ SREB data also show that the system en-

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Durham Tech's original campus in downtown Durham has grown to accommodate 25,000 students

rolled more students and conferred more associate's degrees than its counterparts in virtually every southern state.⁷

Demand for community college programs has surged in recent years due to the growth of North Carolina's population, increases in the number of high school students attending college, and the restructuring of the state's economy. Between the 1994–95 and 2005–06 academic years, the N.C. Community College System's full-time equivalent (FTE) enrollment grew by 54 percent. Both curriculum and continuing education programs posted sizable increases.⁸ Demand was especially strong in the years following the 2001 recession, which triggered an influx of displaced workers into the community colleges. Between 2001–02 and 2005–06, FTE enrollment in curriculum programs swelled by 12 percent, while continuing education programs expanded by 14 percent.⁹ Today, community college enrollments appear to have leveled off at least temporarily, but these levels still represent historic highs.¹⁰ And, Martin Lancaster, President of the N.C. Community College System, says, "With more stringent admission requirements and with higher costs at four-year institutions, enrollment increases are expected to grow in the college transfer programs."

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On one level, recent enrollment growth testifies to the power of the N.C. Community College System's open door policy. Because community colleges are closely tied to local labor markets, they function as counter-cyclical institutions, meaning that enrollment rises when economic conditions deteriorate. People who have lost jobs or who are working in declining industries frequently turn to community colleges for the cost-effective education and training needed to prepare for new opportunities. As open door institutions, North Carolina's community colleges are obligated to accept any such individuals who can benefit from education and training.

On another level, adding the equivalent of almost 20,000 full-time students between 2001–02 and 2005–06 exacerbated many of the serious personnel, financial, and

planning issues that long have confronted the system.¹¹ Large enrollment increases have necessitated the hiring of additional faculty, compounded equipment and facility needs, and strained financial resources. Such problems are particularly acute for high-cost, high-demand programs like those in allied health. Moreover, the counter-cyclical nature of the N.C. Community College System's services means that system costs rise at the same time that state budgeters are grappling with revenue shortfalls and looking to trim or at least not expand public investments.

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Projections compiled by the N.C. Community College System suggest that, absent change, future enrollment growth will intensify existing pressures. FTE enrollment is anticipated to grow by 38 percent between 2004 and 2014 because of a variety of factors, including population growth, changes in the economy, increasing skill requirements for jobs, and high school dropout rates. All instructional areas are expected to post sharp gains, with continuing education programs growing the fastest.

These projections, however, may understate growth, as they neither assume any changes in current enrollment patterns or student demographics, nor do they account for economic downturns that might spark enrollment increases. Furthermore, the N.C. Community College System only generates projections for the statewide system, not for individual colleges.¹² This shortcoming not only limits the ability of local institutions to address regional economic needs, but also prevents individual campuses from adequately evaluating their main cost driver: student enrollments, which dictate staffing, equipment, and resource needs.

Faculty Compensation: Staffing the Open Door

Like any large service organization, the N.C. Community College System devotes the bulk of its budget to personnel costs. At Durham Technical Community College, for instance, salaries and benefits accounted for two-thirds of total operating expenses in 2004–05.¹³ Without skilled faculty, administrators, and staff, community college students would not receive the instruction and guidance needed to complete a course of study. During the 2006–07 academic year, the N.C. Community College System's colleges employed 14,151 full-time faculty, administrative, professional, and support personnel. Although all of these employees contribute to the system's mission, the 6,244 full-time faculty members play a pivotal role, for they provide the instruction that draws students to the colleges.¹⁴

The rapid enrollment growth of recent years has necessitated the hiring of additional faculty members. The system's colleges added some 1,176 full-time faculty members between 2000–01 and 2006–07. This 23 percent expansion, however, did not alter the general demographic composition of the system's faculty.¹⁵ Women comprised 58 percent of the full-time faculty in 2005–06, while whites held nearly nine out of every 10 faculty posts. In terms of educational qualifications, 54 percent of faculty members possessed master's degrees; 22 percent had earned bachelor's degrees; and six percent had completed doctoral degrees. Some 44 percent of the faculty members had worked for the N.C. Community College System for fewer than six years.¹⁶

The N.C. Community College System faculty faces different expectations than their counterparts at the state's four-year institutions. First, community college faculty serve primarily as teachers, not researchers. Second, instructors, particularly those in technical and vocational fields, must possess an extensive knowledge of private industry in order to train individuals who can meet industry standards. Finally, community college instructors teach students who, on average, are less academically prepared than their counterparts at four-year institutions.¹⁷

Local colleges employ faculty members whose salaries are supported by state appropriations.¹⁸ During the 2005–06 academic year, the average full-time N.C. Community College System faculty member earned \$40,989. The average full-time faculty member at the University of North Carolina, by contrast, was paid \$80,784, ranking 13th in the nation for public university faculty pay. The average North Carolina public school teacher salary is \$46,410, ranking 27th in the nation.¹⁹

Community college faculty in North Carolina also earn less than their peers at two-year institutions across the nation and region. Average N.C. Community College System salaries equaled 74 percent of the 2005–06 national average of \$55,405 for community college faculty. That year, average community college salaries in North Carolina ranked 46th in the nation.²⁰

Low pay is not a new issue for the N.C. Community College System. Writing in 1989, the Commission on the Future of the North Carolina Community College System lamented “a crisis in instructional and non-instructional salaries” and warned that “low salaries . . . have contributed to an erosion in faculty morale in the system and losses of talented faculty to industry.” At the time, average faculty salaries were lower than those paid in all but two states in the country. The commission consequently called on the State Board of Community Colleges to raise faculty pay to the top quartile of southeastern states by 1995 and to prevent campuses with below-average pay from diverting money from salaries to other purposes.²¹

Over the past 15 years, incremental steps to improve faculty salaries have been taken. Recent budget proposals drafted by Gov. Mike Easley and spending plans adopted by the N.C. General Assembly, for example, have raised faculty salaries slightly.²² The State Board of Community Colleges also has offered incentives for campuses to better salaries. These modest steps, however, have been offset by the N.C. Community College System’s need to hire more faculty to meet enrollment growth

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"I'M ONLY PART-TIME HERE, SO YOU'LL HAVE TO FINISH THE CLASS YOURSELF."



Laboratory at Wake Technical Community College

Sam Warts

and to keep pace with retirements and attrition.²³ In fact, Southern Regional Education Board data show that, after adjusting for inflation, average faculty pay at the N.C. Community College System only rose by 28.6 percent between 1995–96 and 2005–06.²⁴ Providing competitive salaries for community college personnel, consequently, has become a top priority for the State Board of Community Colleges. In fact, the Board’s most recent budget request to Gov. Easley asked for \$77 million over the 2007–09 biennium to bring faculty salaries to the national average by 2010.²⁵ The final state budget authorized a 5 percent pay raise for faculty.

Poor pay is especially problematic for high-cost programs like nursing. Nursing is a well-paying field that is facing a shortage of qualified personnel. Yet the N.C. Community College System struggles to attract instructors because the pay is not competitive, and a qualified nursing instructor can earn considerably more in a clinical setting. This problem will worsen if new accreditation standards that require community college instructors to have higher levels of qualifications take effect in 2014.²⁶ To compete, the N.C. Community College System has tried to find some stopgap solutions like offering scholarships to nursing students who agree to teach for two years, but such steps fail to change the fact that nursing faculty salaries simply are uncompetitive. This same problem afflicts a variety of high-demand fields and hinders the system’s ability to train workers for lucrative jobs vital to the state’s well-being.

*I stand in front of my students
telling them about sentence fragments.
I ask them to find the ten fragments
in the twenty-one-sentence paragraph on
page forty-five.
They’ve come from all parts
of the world—Iran, Micronesia, Africa,
Japan, China, even Los Angeles—and they’re still
eager to please me.
...
I sit down on my desk to wait,
and it hits me from nowhere—a sudden
sweet, almost painful love for my students.*

—AL ZOLYNAS

“LOVE IN THE CLASSROOM”

THE BOND BETWEEN TEACHER AND STUDENTS

Funding Formulas and Four Flaws

A mix of state appropriations, local government funds, and tuition revenues, along with some federal funds and private fundraising, funds North Carolina’s community colleges. The N.C. Community College System depends upon the state for 69.1 percent of its budget, local governments for 12.7 percent, tuition receipts for 12.5 percent, and other sources for the remaining 5.7 percent. State dollars generally bankroll current operating expenses, while local governments support the operation and maintenance of physical plants.²⁷

The N.C. Community College System received more than \$934 million in state appropriations during the 2006 fiscal year, most of which was distributed to the individual campuses according to a funding formula linked to full-time equivalent (FTE) enrollment.²⁸ For curriculum programs, community colleges earn one FTE for every 32 credit hours completed by students over a two-semester period. FTEs also are awarded, though at a lower rate, for enrollment in continuing education courses. *FTEs are calculated on the basis of the prior year’s enrollment and are the same for all programs, regardless of cost.* By contrast, the UNC system earns one FTE for every 24 credit hours generated over a two-semester period with the value of an FTE varying by program.²⁹ Tom Houilhan, executive director of the Education Leadership Institute, illustrates the discrepancy between the N.C. Community College and UNC systems saying, “Under the current ‘Learn and Earn’ initiative of Governor Easley, where high school students can take a course online and receive college credit, there

are 44 community colleges participating and one higher education institution—UNC-Greensboro. The community colleges receive approximately \$4,700 in FTE funds for students who take the courses and the one university received \$10,000 for the exact same scenario.”

The funding model that supports the community college system contains four significant flaws. First, the FTE calculation is ill-suited for periods of rapid enrollment growth. As mentioned previously, community college programs are counter-cyclical institutions with enrollments that typically rise during economic downturns. State funding, however, is allocated according to the prior year’s enrollment. This means that if enrollment rises too quickly, the N.C. Community College System is obligated to serve students for whom no state dollars are available. Moreover, the chances of obtaining additional funding during such periods are slim because these often are periods in which state budgeters are facing shortfalls and are looking to trim spending.

This dynamic recently occurred in North Carolina. The 2001 recession resulted in an increase in N.C. Community College System enrollment at the same time that the state faced one of its worst financial situations in recent memory.³⁰ As a result, between 2000–01 and 2005–06, the system saw its state funding decline by 9.4 percent, or \$473, per FTE student even though FTE enrollment rose by 22 percent.³¹ This imbalance led to tuition increases.

Although tuition at North Carolina’s community colleges remains low by national standards (a median tuition of \$1,324 annually for full-time students in 2006), it increased by 44 percent between the 1999–2000 and 2004–05 academic years. These increases are especially burdensome for low-income students—the people most likely to be hurt by an economic downturn and most likely to turn to the N.C. Community College System.³² In 2006, tuition charges amounted to more than 12 percent of the income earned by a North Carolina family in the lowest income quintile (\$10,900), up from about eight percent in 2001.³³ Ann Britt, president of Martin Community College, says, “The impact of increased tuition on low-income students is more serious for economically depressed counties in North Carolina than it is for more affluent counties.” To further complicate matters, these tuition increases occurred at the same time that the federal government permitted inflation to erode the value of Pell Grants, the nation’s main source of financial aid for poor students.³⁴

According to Kennon Briggs, vice president of the business and finance division of the N.C. Community College System, “For fiscal year 2007–08, the Assembly appropriated \$2 million in non-recurring funds for a ‘Reserve for Enrollment Growth.’ The system needed \$12 million.”

Second, the current funding formula fails to account for differences in program costs. All FTEs earned by the N.C. Community College System carry the same financial value, yet some programs are more expensive to operate. This is especially true for programs in the health sciences. Compared to other fields, allied health programs cost \$1,520 more per FTE. Because colleges receive no additional funding for such high-cost programs, they often are forced to limit program enrollments, divert resources from other areas, or eliminate other high-cost programs. In response, the State Board of Community Colleges has identified the establishment of differentiated funding as an essential priority.

Kennon Briggs says, “The 2007 session appropriated \$5.6 million for this purpose. The system needs \$31 million.”

Third, the existing funding model provides no resources to start or expand new programs. The N.C. Community College System estimates that it costs a college \$151,000 to start a new curriculum program.³⁵ The absence of start-up funds means that local colleges wishing to start a new initiative must save the needed money over a period of several years or take money from existing programs. This tradeoff often

No one wants a good education.

Everyone wants a good degree.

—LEE RUDOPH



Simulation and game development class at Wake Technical Community College

prevents colleges from establishing programs that would serve emerging industries—a reality that presents a conflict with the N.C. Community College System’s economic development mission.

Britt, president of Martin Community College, says, “It is very difficult, if not impossible, for community colleges to squirrel away money to start new programs. Some equipment and library book funds may carry over, but generally unexpended state funds revert at the end of the year. That means we cannot squirrel away operating funds. If we can save equipment funds, that is always at a cost to other programs and services. This impacts students. Instructional and related costs for a new program have to be taken from other programs because a new program does not generate funds until FTEs are earned.”

Finally, current funding poorly addresses equipment and facility needs. While the provision of industry-caliber training often requires advanced equipment and training space, state funding for equipment and facilities is modest at best. The N.C. Community College System currently receives the equivalent of \$214 per student for equipment funding.³⁶ In light of the fact that the system requires \$47 million per year for the next few years just to maintain existing equipment, current funding appears inadequate to meet system needs. Limited resources, in turn, have forced the elimination of programs with expensive equipment needs. For example, according to Kennon Briggs, 98 vocational programs—in construction technologies (26), engineering technologies (17), industrial technologies (45), and transport technologies (10)—were terminated between 2002 and 2007.³⁷ (For more information, see Scott Ralls, “Facing Brutal Facts: North Carolina Community Colleges in the New Economic Landscape,” p. 4).

A similar situation applies to the facility needs of the 58 community colleges. Current estimates suggest that the N.C. Community College System faces \$1.4 billion in long-term renovation and expansion needs.³⁸ While the system did receive \$600 million from the higher education bonds approved in 2000, those funds were

authorized before recent enrollment surges exacerbated space needs, and increases in the cost of construction materials reduced the number of projects that the bond proceeds could support. Though helpful, the bond proceeds will not solve long-term needs.

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ERIC McKEITHAN,
PRESIDENT, CAPE FEAR COMMUNITY COLLEGE

None of these financial challenges are new to the N.C. Community College System. In fact, the Commission on the Future of the North Carolina Community College System raised these very concerns in its 1989 report. While both the executive and legislative branch subsequently have championed improvements, those steps have been incremental ones that generally have taken the form of one-time fixes rather than permanent solutions. For example, the N.C. General Assembly created a small enrollment reserve fund in 2005 that disburses additional funds to campuses that experience unexpected enrollment growth.³⁹ This helpful measure, however, fails to address the larger flaws in the funding model used to support the N.C. Community College System. Moreover, the sizable and unexpected enrollment growth of recent years has reversed much of the progress that had been made.

Eric McKeithan, president of Cape Fear Community College, says, “Inadequate funding has always been the ‘elephant in the room’ for North Carolina’s community colleges. An increasing divide drawn among North Carolina’s citizens—those who at least have a chance to earn an affordable baccalaureate degree and those who do not—could become the ‘herd of elephants in the room’ for the entire state in terms of our competitiveness with other states and with the world.”



Strategic Planning Within a System That Has High Local Autonomy

Addressing the long-term challenges facing the community college system in light of existing resource constraints requires the N.C. Community College System and its member colleges to think systematically about critical issues and potential solutions. Such long-term planning, however, is complicated by the relationship between the statewide system and the individual campuses. Unlike the University of North Carolina System, the N.C. Community College System is organized as a federation of quasi-independent institutions, meaning that the State Board of Community Colleges acts more as a coordinating body than as a governing one.

In its 1989 report, the Commission on the Future of the North Carolina Community College System argued that “allocation of resources in the system and in most of the colleges is hampered by the absence of well-developed, long-range plans tied to clear strategic goals on both the state and local levels.” The Commission therefore called for the State Board of Community Colleges to improve the system-wide planning process, encourage a biennial planning process at each college, and better incorporate data into planning and accountability systems.⁴⁰ Over the ensuing years, the N.C. Community College System, individual colleges, the office of the governor, and the General Assembly have strengthened the planning and accountability processes used by the state’s community colleges.

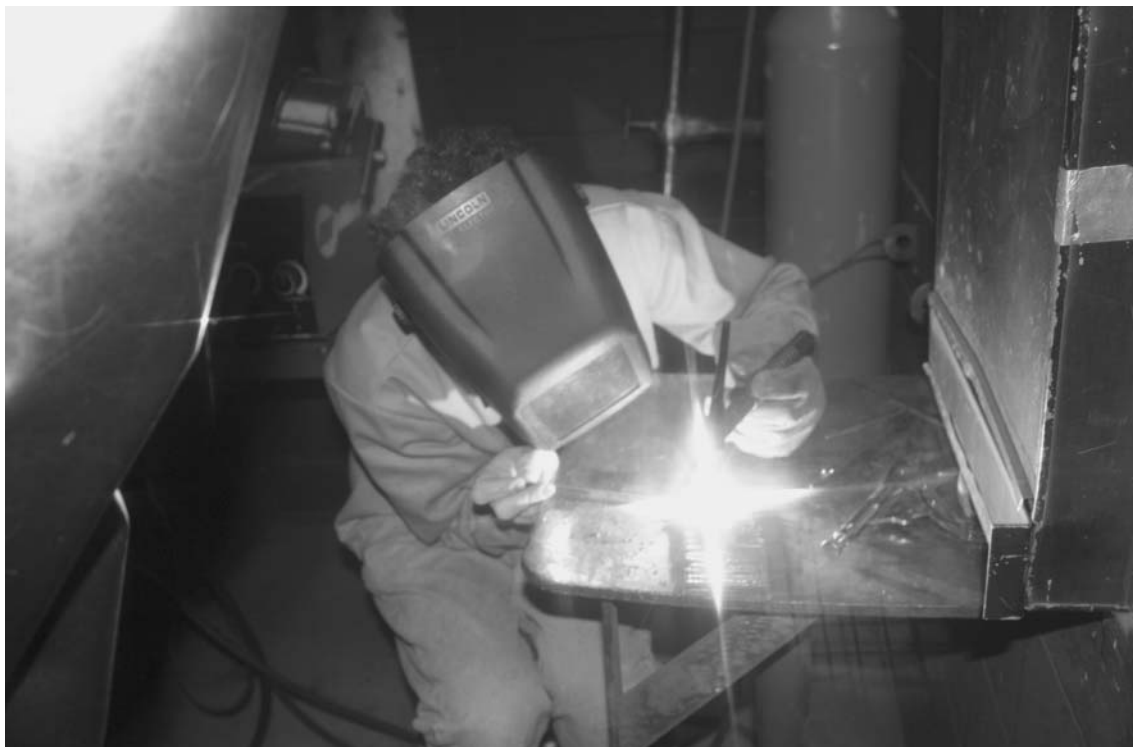
The N.C. Community College System currently relies upon a two-tiered strategic planning process: one for the statewide system and another for the individual colleges. On the state level, the central office in Raleigh sponsors a biennial planning process that aims to identify critical issues, develop adequate responses, and acquire needed resources.⁴¹ The most recent planning process, which developed a strategy for the period 2007–09, involved a variety of internal and external stakeholders.⁴² As a result of that process, the N.C. Community College System identified five key challenges: responding to changing demographics, securing adequate financial resources, addressing personnel needs, managing technology needs, and reacting to an increasingly competitive educational market place.⁴³ These findings, in turn, shaped the budget request developed by the State Board of Community Colleges and submitted to the office of the governor.

Overall, the latest planning process identified key issues facing the N.C. Community College System, and system leaders used those findings to establish goals and inform funding priorities. The findings also proved remarkably consistent with a variety of other studies conducted by nonprofit and public bodies interested in the N.C. Community College System.⁴⁴ While the system has flagged and prioritized the key challenges, its ability to meet those challenges ultimately will depend upon the availability of financial resources. Until that problem is addressed, the N.C. Community College System likely will make only limited progress towards the challenges identified through its comprehensive planning process.

Individual colleges, meanwhile, are required to prepare regular institutional effectiveness plans. The General Assembly established this requirement in 1989, but owing to the quasi-independent nature of the colleges, each institution was allowed to develop those plans in ways best suited to local needs, provided that the plans satisfied general requirements set by the legislature, the State Board of Community Colleges, and the regional accreditation agency.⁴⁵ To improve college accountability, the legislature required institutional effectiveness plans to incorporate the data needed to measure progress towards certain “critical success factors.” Those 42 factors fall into five broad areas: core indicators of student success, work force development, diverse population learning needs, resources, and technology. Out of those 42 factors, the 12 that are

Learning is what most adults will do for a living in the 21st century.

—BOB PERELMAN



Russell A. Wahrman, Wake Technical Community College

Welding class at Wake Technical Community College

most closely related to academic performance are used to award performance funding to local colleges, while the other measures are used to inform the statewide strategic planning process.⁴⁶

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The establishment of critical success factors that reflect the N.C. Community College System’s core mission focuses the attention of the individual colleges on essential functions, highlights success in achieving goals vital to individual students and local communities, and offers incentives for outstanding performance. At the same time, the relative autonomy of the individual campuses means that the quality and usefulness of the college-level planning processes may vary greatly.

Conclusion

Owing to the modest physical appearance of many of North Carolina’s community colleges, casual observers often fail to grasp the scope, complexity and importance of the state’s two-year institutions. North Carolina’s 58 community colleges provide services vital to the economic well-being and growth of both individual citizens and the state as a whole. While the events of the past several years have demonstrated the power and potential of individual colleges, recent events also have exacerbated serious enrollment, personnel, financial, and planning challenges. Meeting these four challenges is key to the ability of North Carolina’s community colleges to connect individual residents to opportunities and help transform North Carolina into a more prosperous state.

Footnotes

¹ *Financial Statement Audit Report of Durham Technical Community College for the Year Ended June 30, 2005*, Office of the State Auditor, Raleigh, N.C., Apr. 4, 2006, p. 4. On the Internet at www.ncauditor.net/EPSTWeb/Reports/Financial/FIN-2005-6828.pdf

² *A Matter of Facts: The North Carolina Community College System Fact Book 2007*, North Carolina Community College System, Raleigh, N.C., May 2007, pp. 56, 71, and 73. On the Internet at <http://www.ncccs.cc.nc.us/Publications/docs/Publications/fb2007.pdf>

³ *Ibid.*, pp. 2–4, 51, and 78, and author's calculation.

⁴ N.C. Gen. Stat. § 115D-1.

⁵ Jon Lee Wiggs, *The Community College System in North Carolina: A Silver Anniversary History, 1963–1988*, University Graphics, North Carolina State University, Raleigh, N.C., 1989, pp. 7–8 and 13.

⁶ *Fact Book on Higher Education 2007*, Southern Regional Education Board, Atlanta, Ga., June 2007, p. 77.

⁷ *Fact Book 2007*, note 2 above, p. 78.

⁸ Author's calculation based upon *Fact Book 2007*, note 2 above, p. 77, and *Fact Book 1997: The North Carolina Community College System Fact Book*, North Carolina Community College System, Raleigh, N.C., 1997, p. 75. On the Internet at <http://www.ncccs.cc.nc.us/Publications/archivedFactBooks.htm>

⁹ Author's calculation based upon *Fact Book 2007*, note 2 above, p. 79.

¹⁰ Ben Fountain and Michael Latta, *The Community College System in North Carolina, A Brief History*, State Advisory Council on Vocational Education, Raleigh, N.C., 1990, p. 11. See also *Fact Book*, various years.

¹¹ Author's calculation based upon *Fact Book 2007*, note 2 above, p. 79.

¹² *Staying A Step Ahead: Higher Education Transforming North Carolina's Economy: Interim Final Report*, Pappas Consulting Group, Inc., Stamford, Conn., May 2005, pp. 87–88.

¹³ *Financial Statement Audit Report of Durham Technical Community College*, note 1 above, p. 8.

¹⁴ *Fact Book 2007*, note 2 above, p. 86.

¹⁵ Author's calculation based upon *Fact Book 2007*, note 2 above, p. 86, and upon *Fact Book 2001: The North Carolina Community College System Fact Book*, North Carolina Community College System, Raleigh, N.C., 2001, p. 84. On the Internet at <http://www.ncccs.cc.nc.us/Publications/archived-FactBooks.htm>

¹⁶ *Fact Book 2007*, note 2 above, pp. 86–88.

¹⁷ Arthur Cohen and Florence Brawer, *The American Community College*, 4th edition, Jossey-Bass, San Francisco, Cal., 2003, p. 46.

¹⁸ Keith Brown, *Faculty Salaries and Employment 2003–04 and 2004–05*, North Carolina Community College System, Raleigh, NC.

¹⁹ "The Nation," *The Chronicle of Higher Education Almanac Issue 2007–08*, Vol. LIV, No. 1, Washington, D.C., Aug. 31, 2007, p. 8.

²⁰ *Ibid.* According to preliminary 2006–07 data released from IPEDS, N.C. Community College System faculty salaries rank 41st out of the nation's 49 community college systems.

²¹ *Gaining the Competitive Edge: The Challenges to North Carolina's Community Colleges*, Commission on the Future of the North Carolina Community College System, Raleigh, N.C., Feb. 1989, pp. 6, 13, and 18.

²² *2007–09 Consensus Budget Request*, N.C. Community College System, Raleigh, N.C., Nov. 2006, and *Recommended Operating Budget 2007–2009*, North Carolina Office of State

Budget and Management, Vol. 1, Raleigh, N.C., Feb. 2007. See N.C. Session Laws 2007-323 (H.B. 1473).

²³ *Ibid.*, p. 15.

²⁴ *Fact Book on Higher Education 2007*, note 6 above, p. 180.

²⁵ *2007–09 Consensus Budget Request*, note 22 above, p. 15. See N.C. Session Law 2007-323 (H.B. 1473).

²⁶ *Ibid.*, p. 22.

²⁷ *Fact Book 2007*, note 2 above, p. 9.

²⁸ *Ibid.*, pp. 48 and 51.

²⁹ John Quintero, *North Carolina's Unfinished Transformation: Connecting Working Families to the State's Newfound Prosperity*, North Carolina Budget and Tax Center, Raleigh, N.C., 2007, p. 22 and *Staying A Step Ahead*, note 12 above, pp. 22 and 138.

³⁰ Kevin Dougherty, Monica Reid, and Kenny Nienhuser, *State Policies to Achieve the Dream in Five States: An Audit of State Policies to Aid Student Access to and Success in Community Colleges in the First Five Achieving the Dream States*, Community College Research Center, New York, N.Y., Feb. 2006, p. 147. The countercyclical enrollment pattern is evident when looking at shifts in data that occur in recession years. For example, between 2000–01, the year before the most recent recession, and 2002–03, the year after, total full-time enrollment (FTE) jumped from 158,399 to 176,743. *Fact Book 2007*, note 2 above, p. 78. Virtually all of that increase occurred between 2001–02 and 2002–03. For spending, the pattern is evident if you look at total state appropriations and/or per FTE spending data. North Carolina state appropriations per FTE fell by -0.5 percent between 2001–02 and 2005–06. When combined with the enrollment data, this suggests that dollars were being stretched to cover more students. *Fact Book on Higher Education 2007*, note 6 above, summary tables 75–77.

³¹ *Fact Book on Higher Education 2007*, note 6 above, p. 210 and editorial calculation based on *Fact Book on Higher Education 2007*, note 6 above, p. 75 and *A Matter of Facts: The North Carolina Community College System Fact Book 2002*, North Carolina Community College System, Raleigh, N.C., p. 77. On the Internet at <http://www.ncccs.cc.nc.us/Publications/docs/Publications/fb2000.pdf>

³² *Fact Book on Higher Education 2007*, note 6 above, p. 134.

³³ *Ibid.*, pp. 129 and 134–35.

³⁴ Gwen Rubinstein and Andrea Mayo, *Training Policy in Brief* (2nd ed.), The Workforce Alliance, Washington, D.C., 2007, p. 37. On the Internet at http://www.workforcealliance.org/atf/cf/%7B93353952-1DF1-473A-B105-7713F4529EBB%7D/2BB%20Chpt_4.pdf

³⁵ *2007–09 Consensus Budget Request*, note 22 above, pp. 21–22 and 36.

³⁶ *Ibid.*, p. 65.

³⁷ *Ibid.*, p. 23.

³⁸ *Ibid.*, p. 73.

³⁹ *Ibid.*, p. 26.

⁴⁰ *Gaining the Competitive Edge*, note 21 above, pp. 13 and 22.

⁴¹ *2007–09 Consensus Budget Request*, note 22 above, p. 16.

⁴² See official web site of N.C. Community College System at <http://www.ncccs.cc.nc.us/Planning/index.html>

⁴³ *2007–09 Consensus Budget Request*, note 22 above, pp. 4–5.

⁴⁴ See, for example, Quintero, note 29 above, and *Staying A Step Ahead*, note 12 above.

⁴⁵ *Fact Book 2007*, note 2 above, pp. 16–17.

⁴⁶ *2007 Critical Success Factors*, North Carolina Community College System, Raleigh, N.C., June 2007, pp. 1–3. On the Internet at <http://www.ncccs.cc.nc.us/Publications/index.html>