

# Budget Unit Brief

## FY 2017



## Community College General Aid

### Purpose and History

The community college system was established in the 1960s. The Iowa Code specifies 15 colleges encompassing the entire state. The Iowa Code also specifies that the educational opportunities and services the colleges offer include the following, when applicable and not limited to:

- The first two years of college work, including preprofessional education.
- Vocational and technical training.
- Programs for in-service training and retraining of workers.
- Programs for high school completion for students of post-high school age.
- Programs for all students of high school age that may be best served by enrolling in vocational and technical training while also enrolled in a local high school, public or private.
- Programs for students of high school age to provide advanced college placement courses not taught at a student's high school while the student is also enrolled in the high school.
- Student personnel services.
- Community services.
- Vocational education for persons with academic, socioeconomic, or other disabilities that prevent succeeding in regular vocational education programs.
- Training, retraining, and all necessary preparation for productive employment of all citizens.
- Vocational and technical training for persons not enrolled in a high school that have not completed high school.
- Developmental education for persons that are academically or personally underprepared to succeed in the chosen program of study.

The community colleges are sometimes identified in statute as “merged area schools,” and this title sometimes appears in materials prepared by the Legislative Services Agency (LSA).

### Oversight

Each community college is overseen by a publicly elected board of trustees. The Department of Education's [Division of Community Colleges](#) accredits and provides statewide oversight of the colleges. The Division collects data from the colleges via the Department of Education's Management Information System and is responsible for producing a variety of [annual statistical reports](#).

### Funding – State General Aid

Annually, the General Assembly appropriates general aid to the 15 community colleges to support their general operations. The colleges treat the funding as unrestricted general fund revenue.

### Formula for Allocating General Aid

Iowa Code section [260C.18C](#) specifies a detailed formula for calculating each college's portion of the total annual appropriation. With the exception of FY 2011, the General Assembly usually appropriates a lump sum for general aid and provides intent language specifying the allocations. Since 2005, the allocations have been based on the formula established in statute.

The formula consists of three subformulas. The annual inflation rate determines the subformula used. For this purpose, the LSA uses the annual Consumer Price Index – All Urban Consumers established the preceding December.

### More Information

Iowa General Assembly: <https://www.legis.iowa.gov/>

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Each of the subformulas provides each college with base funding equal to the previous year's allocation. If total funding is less than the previous year, each college's base funding is prorated. If the total appropriation is greater than the previous year, the subformulas allocate the new money in a series of steps until all of the funding is allocated. The amount of new money may not be sufficient to fund all of the steps in a particular subformula. The steps in each subformula are as follows:

- a) Inflation rate of 2.0%:
  1. 2.0% general increase for each college
  2. 1.0% of the total appropriation allocated based on a three-year rolling average of full-time equivalent enrollment (FTEE)
  3. 1.0% of the total appropriation allocated using a formula that favors those colleges with the greatest growth in FTEE
  4. All remaining funds allocated based on a three-year rolling average of FTEE
- b) Inflation rate between 2.1% and 4.0%:
  1. Steps 1, 2, and 3 in subformula (a) above
  2. An amount up to the inflation rate, based on each college's portion of total general aid the previous year
  3. All remaining funds allocated based on a three-year rolling average of FTEE
- c) Inflation rate greater than 4.0%:
  1. Steps 1 and 2 in subformula (a) above
  2. An amount up to the inflation rate, based on each college's portion of total general aid the previous year
  3. Step 3 in subformula (a) above
  4. All remaining funds allocated based on a three-year rolling average of FTEE

### Funding – Other State Funds

While General Aid is the largest portion of state funding for the community colleges (approximately two-thirds in recent years), the colleges receive additional state funds from a variety of sources, including:

- Tax withholding diversions and credits related to job training programs under Iowa Code chapters [260E](#) and [260G](#).
- Workforce training appropriations through the Department of Economic Development.
- Funds received from K-12 schools for jointly enrolled students.
- Appropriations and transfers for the Corrections Education Program through the Department of Corrections.
- Annual infrastructure appropriations.

### Other Sources of Revenue

The largest source of revenue for the community colleges is student tuition and fees. The colleges also have recourse to a variety of local property tax levies, as well as federal funding streams. Additional revenue is generated through sales and services.

### Related Statutes and Administrative Rules

Iowa Code chapters [260C](#), [260E](#), [260F](#), and [260G](#)  
[281](#) Iowa Administrative Code chapters [21](#), [22](#), [23](#), and [24](#)

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