Budgeting with Varied Enrollment Demand

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Economics, Inflation, and Student Demand

- Community college enrollment tends to have an inverse relationship between economic growth/decline and student demand
- Higher inflation leads to pressure to provide compensation increases
- Potential scenarios:
    a. Growing economy, high inflation, low student demand (recent reality)
    b. Growing economy, low inflation, low student demand (best case scenario)
    c. Declining economy, low inflation, high demand (difficult scenario)
    d. Declining economy, high inflation, high demand (worst case scenario)

Budgeting During Declining Demand

- Making one-time investments that support long-term improvements
  - Changes that support students getting to and through our colleges
  - Utilize one-time resources from the state to prepare for leaner times
- Focused instructional programming
  - As state protections reduce, so will ability to maintain classes with low enrollment
  - Prioritize resources in areas that support access
- Corresponding tightening in other areas
  - Student support services and operational departments will be reduced as well
  - 50% law requires a balance between classroom and non-classroom costs

Fiscal Policy Considerations

- Allocations based on students actually served
  - Less on “per college” or “hold harmless FTES”
  - Support funding for where the students are currently taking courses (shifting demographics)
- Support higher FTES funding within the SCFF
  - Less focus on sites/centers
  - Keep the financial focus in-line with state’s access goals
- One-time resources to support student recovering from pandemic
  - Targeted, yet flexible, allocations
  - COVID-19 Recovery Block Grant and Recruitment/Retention Funding are great examples