



Creating a Policy Environment to Unleash the Workforce Development Potential of America's Community Colleges

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Key Points

- While community colleges play essential roles in workforce development, their effectiveness varies greatly by location. Promising practices abound, yet they often are not widely replicated.
- An important driver of workforce development performance across community colleges is differences in their fiscal capacity and state policy environment.
- State and federal governments can help ensure the success of community colleges as workforce development engines across all geographies by enacting a supportive policy framework.

Community colleges have long been tasked with educating a workforce that meets local, regional, and state needs. This role, how it has evolved, and how it is carried out today is unique in the United States. As James Jacobs and Jennifer Worth note, many other countries have a work-based learning system that responds to and supports national economic and development strategies.¹ However, in the United States, the workforce response is highly decentralized, relying in part (though not completely) on community colleges that respond to the needs of local residents, students, workers, and industries.

This results in a regionally responsive approach with clear strengths (e.g., a direct connection to students and industries) but also equally clear challenges (e.g., inconsistent funding and direction). Thus, when Harry J. Holzer, Rachel Lipson, and Greg Wright ask if community colleges are achieving their workforce

development potential, the answer is both no and—more importantly—yes.²

The answer—writ large—must be “no” because there is not a state and federal policy environment sufficient to enable the success of community colleges as workforce development engines at scale. However, at a local and sometimes even state level, the answer is resoundingly “yes!”

Across the country, community colleges are living out their workforce potential, to the great benefit of their students, businesses, and regional economies. Time and again, these institutions have found ways through, around, under, and over the many barriers to their success in developing and delivering responsive and relevant workforce programs. They provide models that can and should be scaled across states and the country so that community colleges are given the tools needed to deliver fully on their workforce potential and mission.

Placing Community Colleges at the Center of State Workforce Development Efforts

One central challenge faced by community colleges seeking to deliver and expand workforce programs is largely out of their control: The marketplace for workforce credentials lacks clarity. Credential Engine describes “an increasingly complex, and confusing, landscape of U.S. credentials, and [seeks] to create the building blocks to make reliable and useful credential information more accessible for students, workers, and the employers who hire them.”³

Credential Engine’s survey of the credential marketplace identifies almost one million different credentials. The minority of these workforce credentials, only about one-third, are delivered by postsecondary institutions. The impact of this exploding \$2 trillion credential marketplace is confusion for all players and growing inefficiency. Funding is defused across many providers, actively working against the efficiencies gained by scale; credential value is opaque and too-often nonexistent—particularly for nondegree credentials for which accurate data on employment outcomes are rarely available.

Yet every state already has a network of community colleges that can and do deliver workplace credentials: There are few reasons for state or federal governments to expend resources on standing up alternate providers. Governments can leverage the funding already invested in community colleges—and the performance accountability they already demand of these colleges—to create a clearly defined pathway for students and businesses seeking workforce credentials.

Some states have already recognized that elevating and amplifying their community colleges’ lead role can pay enormous dividends. It is likely not a coincidence that the first- and second-place states on CNBC’s list of top states for business, North Carolina and Washington, have taken this approach.⁴ For example, the North Carolina Community Colleges’ strategic focus is on “putting education to work,” and the state’s governor has put community colleges at the center of his NC Job Ready agenda—directing businesses and students to the system for skills attainment. Washington has identified statewide Centers of Excellence at its community and technical colleges; these centers—which cover Washington’s 11 key industry sectors—serve as statewide

liaisons for economic and workforce development. The Centers of Excellence framework conveys the essential role of community and technical colleges and provides a one-stop portal to access these resources.

Other states are taking notice of this success. Michigan’s MiWorkforce initiative, funded by Ascendium, brings the state’s independent community colleges under a single workforce banner and is at the heart of the governor’s ReConnect Michigan effort to expand the workforce pipeline. Similarly, Ready South Carolina, a division of that state’s technical college system, is positioned as a central partner for business recruitment and retention and workforce training. States’ actions to signal the essential role of community colleges in their economic development strategies cut through the noise of an overcrowded and ineffective marketplace, enabling the colleges to understand that their investment of time and resources will pay real returns for students, communities, and businesses.

Eliminating Disincentives for Community Colleges to Meet the Talent Needs of Employers

Another state-level barrier for community colleges is the funding of high-cost career and technical programs. On average, the cost of delivering career and technical education programs is considerably higher than the cost of delivering university transfer classes. This cost differential can be attributed to the need for dedicated and specialized classrooms, labs, and equipment; smaller class sizes required for safety and program accreditation; and higher costs for faculty who often must be recruited from the private sector. Thus, regardless of market demand for workforce credentials, community colleges are disincentivized financially from expanding existing programs or adding new ones, unless states provide incremental funding to support such programs.

A recent report on higher education funding formulas identified only six states in which differential program costs factored into community college funding: Idaho, Kansas, Louisiana, Montana, Ohio, and Washington.⁵ The diversity of these states is a strong argument that this approach can be scaled across others, and the Florida College System is reviewing the inclusion of program cost as one variable in its funding formula.

As industry-recognized credentials and skills gain more traction among employers, community colleges face calls to expand this aspect of their workforce mission. However, funding for community colleges in almost all states is heavily weighted toward traditional college credit enrollment rather than workforce or industry-recognized credentials (typically labeled negatively as “noncredit”). A survey by Opportunity America found that just 12 percent of noncredit workforce education is funded by state formula funding (similar to credit enrollment), and state grants cover the cost of another 12 percent.⁶

Programs from states that provide such funding are worth scaling to other states. North Carolina has tiered funding parity for workforce and traditional credit programs, and Kansas is exploring the same concept. Virginia’s noncredit workforce grant program, known as FastForward, operates on a performance model: Community colleges receive funding when a student completes a short-term program and earns the associated credential. Based on the Virginia program’s success, Louisiana has adopted a similar model for its community and technical system. Still, as the Opportunity America survey documents, though community colleges face calls to offer more education leading to industry-recognized credentials, almost three-quarters of community college noncredit workforce education is still not state funded.⁷

The recent past provides a notable example of just how an investment in community college workforce programs—at scale—can pay dividends. From 2011 to 2014, the US Department of Labor’s Trade Adjustment Assistance Community College and Career Training (TAACCCT) grants provided 256 workforce grants with a total federal investment of \$1.9 billion to community colleges, the largest federal investment in community colleges in the nation’s history.⁸ More than two-thirds of the nation’s community colleges received funds from this unprecedented program.⁹

Unsurprisingly, given its scale, the TAACCCT program was extensively and independently evaluated and demonstrated positive results on credential attainment and employment. New America, funded by the Lumina Foundation, conducted a meta-analysis of 200 individual grant evaluations, looking specifically at program completion, credential attainment and employment, and wage gains.¹⁰ It found that the effect of participating

in a TAACCCT-funded program positively affected all three.

In addition, the TAACCCT grants incentivized community colleges to engage in evidence-based practices that promoted innovation, including stackable and latticed credentials (certificates and industry-recognized credentials that build on each other to scaffold students to degrees and additional credentials with greater marketplace value), prior learning assessment, comprehensive student supports, career advising and guidance, and employment supports.¹¹ Since the last TAACCCT grant was awarded almost a decade ago, community colleges and advocacy groups such as the American Association of Community Colleges and the Association of Community College Trustees have consistently called for a new version of this federal investment, often colloquially called TAACCCT 2.0. However, it has not come.

One key benefit of the TAACCCT grants was that they temporarily helped level the very uneven playing field that faces the nation’s community colleges. It is tempting to ignore the remarkable diversity among these institutions, which range from small, rural colleges of a few hundred students to extraordinarily large, urban colleges that serve nearly 100,000 students. The organization and governance of community colleges also differ greatly from state to state, as does the funding framework, which may (or may not) include local, state, bond, and tuition revenue streams.

As a result, the capacity of any one community college to deliver on its workforce potential is largely contextual—determined by its size and regional assets. These affect program and service availability, access to actionable information on regional workforce needs, and even the ability to connect with employers. However, the audience for a community college is hyperlocal. The vast majority of a community college’s students come from its region, and its workforce mission is tied to regional industry needs. Neither its students nor its employers have the luxury of picking up and moving across state to attend or partner with a larger, more resource-rich institution.

Building Capacity to Understand Labor-Market Dynamics

Recognizing the disparity across community colleges in their own backyard, some states have stepped up

to provide scaled resources that remove the capacity barrier. For example, access to accurate labor-market information (LMI) is crucial to designing and launching workforce programs that map to actual workforce demand. Such information would help address the concern raised by Holzer, Lipson, and Wright regarding the low labor-market value of some community college credentials, including related high debt and default rates linked to poor employment outcomes.¹²

Large community colleges are more likely to have the bandwidth to provide relevant data and clear pathways for industry partnerships. For example, Northern Virginia Community College (NOVA), with six campuses annually serving over 71,000 students, has one team for conducting institutional research and another for reporting and analyzing LMI.¹³ In fact, the college's LMI team supports a number of regional initiatives, including a regional workforce index.

Evidence suggests, however, that NOVA is the exception, not the norm: Most community colleges have one full-time equivalent employee or less dedicated to institutional research functions, with the majority of this staff time spent on mandated state and federal reporting.¹⁴ The capacity to provide relevant workforce data can be stronger at the state level, where staff can also cross-walk data across systems.

While NOVA is large, most Virginia community colleges are not: The average fall 2022 head-count enrollment at other Virginia community colleges (excepting NOVA) is 4,300; in comparison, NOVA's fall head count that year was almost 52,000. To provide consistent and equitable access to data, the state created the Virginia Office of Education Economics (VOEE) in 2021 as a single source of information on labor-market needs and higher education and workforce alignment. VOEE is new but already has published a data dashboard that tracks graduate supply and occupation demand, bringing together disparate datasets in a way that would elude most individual community colleges.

Similarly, the Florida Department of Economic Opportunity provides regional targeted occupation lists that inform workforce program development, and Colorado offers a one-stop statewide LMI gateway that also provides earnings data. Community colleges in the Colorado system must use these data in proposing career and technical programs; as an added benefit, the state has automated the program-proposal process,

eliminating the lengthy, bureaucratic layers that can stifle a community college's ability to respond to industry need. Other states, such as Kentucky and North Carolina, have also streamlined the approval process for workforce and career programs, promoting efficiency and responsiveness.

Investing in Quality Coaching and Guidance

Another area of capacity challenge facing community colleges where states can and have stepped in is colleges' ability to provide high-level career coaching and counseling. This is especially true for disadvantaged students who may lack access to such information in their family and social networks.¹⁵

Data on the ratio of career coaches or counselors to students are difficult to find. However, it seems reasonable to assume that there are far fewer such staff members at community colleges than there are academic advisers—for whom data are available. Evidence points to a student-academic adviser ratio in community colleges of about 1,000 to one, with some suggesting that this ratio could be closer to 1,700 to one in some community colleges.¹⁶ Thus, the ratio of community college students to dedicated career counselors and coaches is likely much higher.

Sites like O*NET offer career exploration tools, but like many federal data sources and sites, its expectations of users' engagement and understanding of data and occupational nomenclature are high. A good example of how a state can fill the gap is found in Texas, which has launched an online career planning tool, Texas Reality Check, which walks a student through the many aspects of life that intersect with a career choice, from personal assets to standard-of-living expectations. The site gives, as its name suggests, an essential reality check that could go missing without an intervention along the way.

Making Quality Short-Term Programs More Affordable

Career counseling is central to students understanding the value of workforce pathways, but if these students have no means to pay for these programs, even community colleges at the top of their workforce game will find their classrooms and labs empty. While those in

credit pathways can access federal and state financial aid to earn associate degrees, those in noncredit workforce pathways and many short-term credit programs do not have the same options. In 22 states, these students are required to pay 50 percent or more of program costs; overall in the United States, 36 percent of noncredit workforce students must pay the total cost of their programs.¹⁷

The term “noncredit” positions these programs as lesser and serves to diminish the scope of this issue. According to the American Association of Community Colleges, 4.1 million students enrolled in community college noncredit programs in 2020—fully 40 percent of all enrollment in the sector.¹⁸ Research indicates that students enrolled in noncredit programs are older than credit students and come from lower socioeconomic backgrounds, making the ability to access financial support crucial.¹⁹

Federal proposals to offer a kind of “workforce Pell” to assist noncredit and short-term students have failed to make it across the finish line, but individual states have launched workforce grants. Virginia offers noncredit students two different state grants: The Fast Forward program is exclusively for regionally valuable industry-recognized credentials, and the Get Skilled, Get a Job, and Get Ahead (G3) program underwrites tuition costs in both noncredit and credit programs. G3 also provides funds for wraparound services such as childcare and transportation, a significant benefit for the state’s noncredit program population, whose average age is 35—older than the community college average.²⁰

Expanding Access to Work-Based Learning Opportunities

In addition to cultivating more paid internship opportunities, another way to overcome the cost barrier—as well as the low completion rates referenced by Holzer, Lipson, and Wright—is by adopting an “earn and learn” approach, such as providing apprenticeships.²¹ Recent federal administrations have actively promoted apprenticeships with a goal of scaling within and across states and industries.

Several states are leaders in this effort and provide models for others to consider adopting or adapting. The Kentucky Federation for Advanced Manufacturing Education focuses on a traditional

apprentice industry—manufacturing—and Kentucky Community and Technical College students in the program demonstrate an 80 percent completion rate and a post-completion earnings gain when compared to non-apprentice peers. The South Carolina Technical College system’s Apprenticeship Carolina has served over 47,000 students since its inception in 2008 and has been recognized by the US Department of Labor as a national model for apprenticeship expansion.²² Recently, California launched a statewide Apprenticeship Innovation Funding-Training grant program, allocating \$135 million over three years to support startup and ongoing costs.²³

One common factor across these programs is a strong statewide network of support and coordination that builds capacity for community colleges with differing resources. In the case of apprenticeships, this leveling also extends to the businesses themselves, which also come to the table with varying capacities to begin and sustain apprentice programs. This backbone organization need not be a state: Alaska’s Primary Care Association is expanding apprenticeships in a nontraditional field—health care—and recently received a US Department of Labor Good Jobs grant to advance its work. In Chicago, founders of its apprentice network were three private companies, Accenture, Aon, and Zurich North America; in greater Washington, DC, the apprentice network convener is the Northern Virginia Chamber. What all these models share is an investment of time, energy, and, ideally, resources by partners who understand the workforce potential of community colleges and recognize that these institutions cannot fulfill this mission alone.

Addressing the Unique Challenges Facing Community Colleges in Smaller Regions

Community colleges in smaller communities and rural areas often face particularly acute challenges across all the areas referenced in this report. Their smaller enrollment levels and typically limited local funding capacity can severely constrain resources needed to support higher-cost workforce development programs and institutional support for coaching and work-based learning opportunities. State and federal policy measures designed to support the workforce development

functions of community colleges arguably are most important for these institutions, as their limited scale means they often have little ability to address these issues on their own.

Conclusion

As Holzer, Lipson, and Wright indicated, community colleges make important contributions to workforce development, yet they have not fulfilled their potential to provide equitable pathways to opportunity or meet employers' talent needs.²⁴ For community colleges to fulfill their workforce development potential, state and federal leaders need to embrace a policy and funding framework that will position these important institutions to succeed across all geographies.

Key features of that framework would include:

- Clearly placing community colleges at the center of state workforce development efforts,

- Making noncredit programs that provide a healthy earnings boost eligible for federal financial aid (through a short-term Pell solution or a similar alternative),
- Creating or strengthening state offices like VOEE that publish regional labor-market supply-and-demand insights,
- Creating a system to publish accurate earnings outcomes for noncredit programs, and
- Investing in institutional capacity to expand access to quality coaching and work-based learning opportunities.

Doing so would ensure that the kinds of promising models highlighted herein would become the norm rather than the exception. The ultimate result would be a more productive workforce and a far-reaching expansion of equitable pathways to opportunity in America.

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Notes

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