



Community Colleges are the Sturdiest Bridge to a Successful Workforce

Paving the Way to \$70 Billion in Taxpayer Savings

Acknowledgements

Council for a Strong America is a national, bipartisan nonprofit that unites five organizations comprised of law enforcement leaders, retired admirals and generals, business executives, pastors, and prominent coaches and athletes who promote solutions that ensure our next generation of Americans will be citizen-ready.

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Ask our nation's employers what they're looking for in the workforce, and many will tell you they need people with strong industry-related knowledge and skills and the ability to think critically, work collaboratively and solve problems. While most will tell you they can't build this kind of "dream team" overnight, there are three key reasons to support the community colleges that pave the way.

First is the indispensable role community colleges play in addressing the "skills gap" between the number of jobs that are available in today's economy and the number of people who are prepared to do them. In many communities, these institutions provide the sturdiest path toward the postsecondary education credentials and skills that prepare people for these jobs.

Second, community colleges offer students the most affordable way to develop these

“ Businesses need to align and partner with academia to ensure our future workforce pipeline is adequately addressing the job requirements of our markets, businesses and communities.”



Wico Van Genderen
CEO, Greater Wilkes-Barre
Chamber, Pennsylvania

skills—and the middle class earnings they can sustain over a lifetime.

Third, the flexibility and affordability of community colleges make them ideally suited to students dedicated to an “up-by-the-bootstraps” effort to improve their lives. This is especially true for students with children who need flexible education options that enable them to hold down jobs and deal effectively with time and financial constraints on their way to postsecondary credentials.

Taken together, all three benefits give state and federal lawmakers ample reason to support community colleges and hold them accountable for results. But there’s one more reason that’s important even if you’re not someone with a job to fill or someone trying to earn the skills for that job.

When community colleges succeed, American workers succeed, with taxpayers from all walks of life benefiting from cost reductions to publicly funded programs that make up the nation’s “social safety net.”

For these reasons and more, ReadyNation members in Pennsylvania and around the nation are rallying to support the community colleges that are so important to our success. That support, however, is not unconditional. This report details four challenges that must be addressed to improve access, affordability, and the success of everyone who attends these important institutions.

Community colleges are training the future workforce

Ask a CEO to tell you what he’s looking for in his workforce, and you’re apt to hear about the importance of strong industry-related knowledge coupled with the ability to think critically, solve problems and enhance the profitability of his company.

Unfortunately, employers across America face a significant “skills gap” between the number of jobs that are available and the number of people who are prepared to do them.

But, reason for optimism abounds: today’s community colleges are already a prime place for gaining the skills and knowledge needed to succeed in today’s multifaceted workforce.

Wico Van Genderen, CEO of the Greater Wilkes-Barre Chamber says, “In business, we know the biggest asset we have is in our workforce. And so it stands to reason that **we need to cultivate a sustainable investment culture in education, certification and training to ensure the needed job skill sets are aligned to our markets**, industry sectors and business requirements.

Businesses are the principal customers of America’s education system. As such, businesses need to align and partner with academia to ensure our future workforce pipeline is adequately addressing the job requirements of our markets, businesses and communities. Pennsylvania’s community

Community College: Half the Annual Cost

In 2016-2017, tuition and fees at a community college are approximately half as much as attending a public four-year university.

Community
College

\$3,520

Public 4-year
institution

\$9,650

Source: The College Board, Trends in Higher Education, Average Published Undergraduate Charges by Sector, 2016-17.

colleges are an important cornerstone of this partnership.”

Specific improvements in today’s community colleges include **increases in academic counseling, the implementation of better performance metrics, and simplifying and increasing access to federal financial aid.**

Community colleges help close the skills gap, while increasing earnings and decreasing unemployment

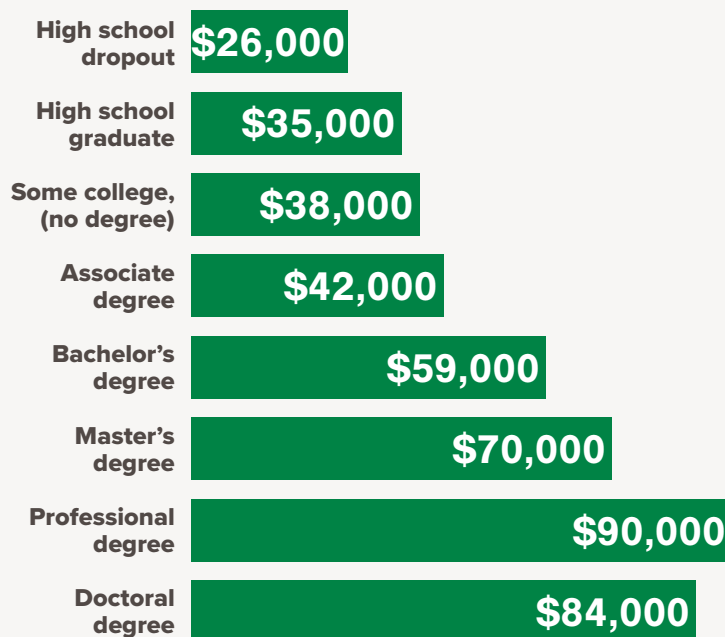
By 2020, 65 percent of jobs across the country will require at least some postsecondary education. However, based on current projections, just over 55 percent of American workers will have acquired some level of postsecondary education by 2020.¹

Employers across the country are counting on community colleges to play an important role in filling this gap, since **33 percent of these jobs will require workers with some college, an associate degree, or a postsecondary vocational certificate.**²

Community colleges also provide a pathway for many who would not otherwise be able to access postsecondary education. Approximately half of community college students have an annual household income below \$30,000.³ These students especially benefit from the relatively low cost of community colleges. Compared to traditional public four-year institutions and two-year for-profit institutions, the cost of attending a community college is significantly less.⁴

In addition to providing an affordable path to postsecondary education, community colleges can increase earnings and employment rates for attendees. When compared to a high school graduate, those

Average Annual Earnings by Level of Education



Source: Earnings and unemployment rates by educational attainment; Bureau of Labor Statistics (2015); Calculated using median usual weekly earnings, multiplied by 52 weeks in a year, rounded to the nearest thousand.

33%
of jobs will require workers with some college, an associate's degree, or a postsecondary vocational certificate.



Case Study: Pennsylvania employers are in need of skilled workers

Pennsylvania is a good case study in demonstrating how community colleges can help fill the skills gap.

According to the Pennsylvania Chamber of Business and Industry, “More than half of Pennsylvania’s employers (52 percent) reported having difficulty hiring people with adequate skills, training or education. This is especially true of the technical/skilled trade jobs.”⁵

By 2020, 63 percent of Pennsylvania’s jobs will require at least some postsecondary education. However, based on current projections, only 55 percent of American workers will have acquired some level of postsecondary education, by 2020.⁶ Not only are 52 percent of employers finding it difficult to recruit qualified candidates; they are also losing around \$189 million each year training new employees and in lost productivity.⁷

Pennsylvania employers are counting on community colleges to play an important role in filling this gap, since 29 percent of these jobs, while not requiring a four-year college degree, will require workers with some college, an associate degree, or a postsecondary vocational certificate.⁸

who complete a postsecondary certificate—half of which are completed at community colleges—earn 20 percent more. This amounts to an increase of \$240,000 in their lifetime earnings.⁹

The outcomes for those completing an associate degree are even more promising when compared to high school graduates.

Associate degree-holders earn 33 percent more than a high school graduate—an increase of \$450,000 in their lifetime earnings. In addition, they are 34 percent less likely to be unemployed.¹⁰

Community colleges benefit both generations: parents and their children

As the need for higher education continues to grow, the makeup of the student body at college campuses is changing. Higher education institutions have seen a 30 percent increase in the number of students with children, from 2004 (3.7 million) to 2012 (4.8 million).¹¹ **The largest share of student parents attend community colleges, comprising almost half, 45 percent (2.1 million) of student-parents in higher education,** and 30 percent of the community college student body, a growth of 9 percent from 2004 to 2012.¹²

While other types of institutions also enroll an increasing number of student-parents, community colleges offer the least expensive and flexible choice for postsecondary education for these individuals. These students face unique challenges in completing their degrees with the substantial time demands, financial restraints and logistical issues they face, while trying to complete their degrees and taking care of dependents.¹³

Quick Facts: Pennsylvania's Skills Gap

170,000+

positions will not be filled with qualified in-state employees who have the educational credentials their employers seek.¹⁴

52%

of employers have difficulty hiring people with adequate skills, training or education.¹⁵

56%

of employers expect the recruiting problem to continue to get worse.¹⁶

\$188.9 million+

per year on retraining employees.¹⁷

28%

of students entering state system universities are enrolled in remedial courses. The rate for low-income students is 40%.¹⁸

\$153 million

per year spent on remedial education at colleges and universities.¹⁹

Source: Carnevale 2013, "Recovery"; Pennsylvania Chamber of Business and Industry and Pennsylvania Dept. of Labor and Industry 2016; Complete College America 2012; Commonwealth Foundation 2011.

Case Study: Pennsylvania's community colleges are preparing students for the future workforce

Luzerne County Community College (LCCC) is contributing to the economy of Northeast Pennsylvania by assisting both students and companies through its workforce development efforts.

LCCC is part of PATH (PA Advanced Training and Hiring), a three-college consortium whose goal is to support training and job placement of students into high priority occupations such as Welding, Diesel Technology, and Engineering Design and Manufacturing Technology.

The College also serves local businesses by its partnership in the Workforce and Economic Development Network of PA (WEDnetPA). **The Guaranteed Free Training Program** offers the opportunity for business and industry to receive funding assistance to train new and existing employees. Through expanded opportunities for education and training, the Guaranteed Free Training Program helps strengthen Pennsylvania's workforce and is a powerful economic development tool for local business and industry.

Community colleges generate almost \$69 billion in benefits for American taxpayers

Community colleges also benefit taxpayers. One study found that **each associate degree granted from a community college generates an average of more than \$87,000 in benefits to taxpayers** over the lifetime of the associate degree holder. This is due in part to higher income tax payments and savings to government programs (e.g. health and welfare).²⁰

During the 2013-2014 academic year, public institutions awarded a total of more than

793,180 associate degrees across the country.²¹ This means that one academic year will result in more than \$69 billion in net benefits to taxpayers over the lifetime of the students who received degrees from just these institutions, most of which are community colleges.²²

Using the above benefits projection, if the number of associate degrees awarded in our country from only public institutions increased by just 25 percent—approximately 198,295 degrees—American taxpayers would reap over \$17 billion in additional net benefits per graduating class.

Four steps policymakers can take to strengthen community colleges and our workforce

1. Simplify the Free Application for Federal Student Aid (FAFSA):

Simplifying the FAFSA could increase students' college attendance. In addition, evidence suggests that creating incentives for companies and individual tax preparers to help fill out the forms could increase college attendance by as much as 30 percent over two years.²³

2. Make summer Pell Grant funding available to students:

Lawmakers should make additional funding available for students to receive a year-round Pell Grant award to include the summer term. Recent random assignment studies have shown that year-round grant aid increases community college students' enrollment and persistence.²⁴ These students are in dire need of additional financial help with nearly half (47 percent) reporting that the lack of finances may cause them to withdraw.²⁵

3. Support more accessible and continuous financial counseling:

Student counseling should be expanded

to include not only academic and career advising, but to also include systemized financial counseling at regular intervals throughout a student's time at a community college. Ninety-one percent of students reported needing information about financial assistance; 27 percent of these students said the information their college provided was inadequate.²⁶

- 4. Encourage accountability:** Better performance measures need to be implemented that are specific to the challenges community colleges face. Community colleges are currently measured by the same measures used by four-year schools, even though community colleges make up one-third of Federal Pell grant recipients, whose six-year graduation is below that of non-Pell students. Performance measure that are specific to community colleges, should include a graduation rate measurement after six years and it should also include a measurement that tracks the successful transfer to another institution of higher education.

New research shows that improvements to advising and financial aid can dramatically increase community college graduation rates. A recent randomized trial examined the ASAP (Accelerated Study in Associate Programs) program, where low-income



students attend college full-time and receive support services including a “student success” course in the first semester, comprehensive advising and tutoring, and financial aid.²⁷ As a result, three-year graduation rates doubled: from 22 percent in the control group to 40 percent in the program group.²⁸ Moreover, the costs of these services are relatively low, at \$3,000 to \$4,600 per student.²⁹

Conclusion

Business leaders are united in their concerns regarding the nation's future workforce. They see a looming gap between available positions and workers with the skills to fill those positions. Not only can community colleges help close this gap, but these institutions also benefit taxpayers. State and federal lawmakers should support strategies that expand access to and encourage completion at community colleges. Doing so will help train and strengthen our nation's future workforce and economy in the years to come.

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