

# The Little Economic Engine That Could: Fueling Success at Community Colleges









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Community colleges cannot respond fast enough. They need to rapidly accelerate their ability to deliver employer-driven education, and they need access to tools and strategies to help them be innovators. Their survival depends on it, as do the livelihoods of millions of working Americans who need pathways into the jobs of the future.

—Rufus Glasper, Ph.D., President and CEO  
League for Innovation in the Community College  
Chancellor Emeritus, Maricopa Community College

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# Introduction to Community Colleges

For almost 12 million students, America's 1,050 community colleges promise an education with three results any degree should provide: marketable skills, a connection to employment, and the ability to be fairly compensated for that employment. The returns on a small sum invested are immeasurable. Indeed, community colleges are emerging as an attractive philanthropic investment for donors interested in clearing pathways to work for vulnerable populations.

These institutions are plentiful across the U.S., educate over half the college students in this country, and offer highly cost-effective tuition. In many locales, the community college is the most practical way to connect adults with immediate work opportunities

in the region. The impact of community colleges on local economies is also significant. Employers benefit from a prepared workforce, local businesses gain a high concentration of people on local campuses, and communities flourish from well-prepared individuals in important roles such as first responders and healthcare workers.

Emsi, an affiliate of the Strada Education Network, **estimates** that the economic impact just of Grand Rapids Community College's non-credit workforce development programs was \$129.7 million—with improved wages, higher productivity, and increased spending. With these skilled alumni, 41 businesses either located to the GRCC service region or



expanded their operations in the 2016–2017 fiscal year. A total of 1,598 jobs were secured, with most of these jobs in manufacturing, health care and social assistance, and administrative and waste services.

Similarly, the Community Colleges of Colorado (13 colleges and 39 locations) **tracked** a nearly \$6 billion addition to Colorado’s income in 2017. More than 169,000 Colorado workers have been trained through their programs, including more than half of the state’s nurses and more than 90% of their first responders.

Community colleges are also poised to emerge as an even more viable alternative to four-year schools in the age of the COVID-19 pandemic. The clear, shorter term pathways to employment in middle-skills jobs is attractive, as is community college’s close proximity to students and the option to live off campus. While some colleges are still adapting to the reality of an online environment, many community colleges were already engaged in online and virtual education. According to a study by **the American Association of Community Colleges**, between 15% and 70% of public community college students were already taking at least one course online in 2018.

Among other contributions, outstanding community colleges elevate many Americans from low-income backgrounds who would otherwise be stuck in ruts

of low-wage, menial work. As James Denova of the Pittsburgh-based Claude Worthington Benedum Foundation shares, these laboratories of learning are “one of the best anti-poverty programs in the U.S.” He points to their “affordability, open enrollment, remediation, and social supports for people who aren’t prepared for postsecondary education by our high-school system.”

Community colleges may also serve a critical role in the nation’s recovery from the COVID-19 economic disruption. By securing a quick certificate or credential, a dislocated worker may be able to quickly find re-employment in a new industry or career.

As this white paper explores, donors have a vast opportunity to make a difference through investments in community colleges through their funds, ideas, and energy. A number of significant philanthropists are committed to the community college space, including the Gates, Kellogg, Lumina, Kresge, Harry Helmsley, Bernard Osher, Joyce, Annie Casey, Mott, Kauffman, Benedum, Morgridge, Palmer, Kraft, and Ralph C. Wilson foundations. Individual donors, such as Karen Buchwald Wright and Junki Yoshida, are also involved.

“Philanthropists interested in higher education could shift their generosity towards less selective and wealthy institutions, including the extensive network of community colleges, lesser known state-run colleges, and small, struggling, unselective private colleges. After all, these schools educate many times more students than the elite universities favored by the wealthiest donors.

– Amy L. Wax, Professor at the University of Pennsylvania Law School





# Advantages of Community Colleges



## Impact on Earnings

Community college education has proven to be an important lever in moving people up the income ladder. Those with an associate degree have a median annual income of \$50,079, a full \$10,000 more than those with a high-school degree and \$20,000 more than those that lack a high-school diploma, according to the American Association of Community Colleges. Holders of associate degrees earn 18% more in weekly earnings, on average, than those with a high school diploma only, and 62% more than high-school dropouts, according to the U.S. Bureau of Labor Statistics.

While on average, the earnings premium can be significantly less for those who hold workforce certificates, state-level studies have shown that picking a high-demand technical field tends to lead to positive results in terms of wages. One analysis by Benjamin Backes, Harry J. Holzer, and Erin Dunlop Velez found that students in the Florida public higher education system who obtained a vocational certificate in fields such as health, transportation, construction, and manufacturing experienced earnings that reflected “relatively strong returns” on their investment in the credential.

## Affordability and Return on Investment

Student loans are burdening millions of low-income Americans. Community colleges are an excellent deal in the broader scope of tuition and fees. The average annual tuition and fees for public community colleges is \$3,730 versus \$10,440 for a four-year public college, according to the American Association of Community Colleges. Ample state and federal financial aid options make community college even more accessible via increased affordability.

A recent study by Georgetown’s Center on Education and the Workforce finds that community colleges and many certificate programs have the highest returns in the short term, 10 years after enrollment. Certificates in nursing are particularly valuable in the

short term. The three highest ranking programs to achieve a long-term (40 year) net present value are pharmacy programs at Albany College of Pharmacy and Health Sciences, St. Louis College of Pharmacy, and Massachusetts College of Pharmacy and Health Sciences. And three nursing programs—Putnam Westchester Nursing Program, Greater Lowell Technical School, and Southern Westchester Nursing Program—were ranked highest on a shorter-term (10 year) net present value basis.

## Proximity

One of the inherent strengths of community colleges is their local, geography-based nature. This is important because previous research has demonstrated the importance of geographic location in the likelihood of a student attending college. A joint research report by the American Council on Education and the Center for Policy Research and Strategy found that community college students on average attend a school 31 miles from home versus 82 miles for public four-year schools and 258 miles for private, nonprofit four-year schools. The authors also concluded that community colleges enroll a majority of students in what they term “education deserts,” defined as geographic regions with either no college options nearby or a solitary community college as the only public, broad-access institution available.

## Open Access

Historically celebrated as “people’s colleges,” community colleges are widely appreciated for their accessibility and inclusiveness. Indeed, very few students with a high school degree or equivalent are turned away from these institutions, and class schedules are relatively flexible throughout the year. Per their mission, community colleges are more willing to engage with challenging populations compared to other postsecondary options.



# Populations Served in Community Colleges



Some statistics on the typical community college student, according to the American Association of Community Colleges, are also of interest:

**57%**  
Women

**15%**  
Single parents

**29%**

**First-generation College enrollees**

**20%**  
Have a disability

**5%**  
Veterans

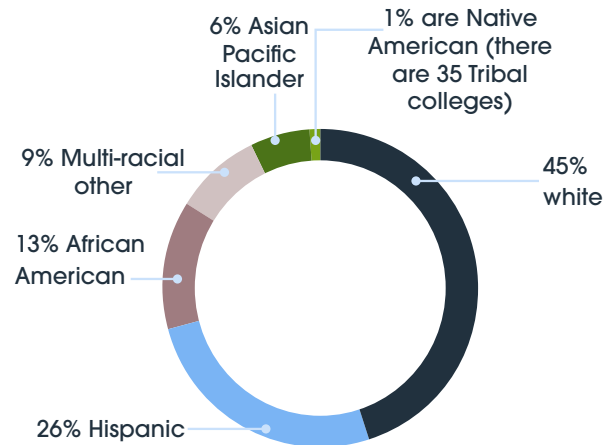
**Average age**

**9%**  
Non-U.S. citizens

**28**  
years old

**64%**  
Part-time Students

**54%**  
under  
**22**



Source: American Association of Community Colleges

One factor making community colleges prime territory for charitable support is the fact that their student bodies include large fractions of low-income and minority students, students who were ill-served by public schools and need remedial help, students from troubled family backgrounds, or families with no prior tradition of higher education. A study by Pew Research Center shows that one in four community-college students comes from a family that is in poverty. Additionally two thirds of community-college students work 35 hours or more per week while they are going to school, according to the American Association of Community Colleges.

Moreover, community colleges hold strong potential for engaging the estimated seven million able-bodied, prime-age males absent from the workforce. Community college programs demonstrating the strongest potential for reaching non-working men are those that emphasize tightly condensed training schedules, stackable credentials, and clear pathways to actual jobs that exist in the economy. According to the book *Men Without Work: America's Invisible Crisis*, authored by the American Enterprise Institute's Nicholas Eberstadt, men tend to fall into certain sub-populations: they are more likely to be minorities (particularly African Americans), under-educated (a high school degree or less), and have a low socioeconomic status (a household median income of \$25,000 or less).



# Pathways to Degrees, Credentials, and Employment at Community Colleges



In the 2017-2018 academic year at community colleges, over 850,000 associate degrees were awarded, almost 580,000 certificates granted, and 19,083 bachelor's degrees secured. Here are some success examples:

- **Valencia College** in the Orlando, Florida region helps adults who want to upskill their way to better pay. The school has created what it calls its Center for Accelerated Training (CAT) approach—intensive, short bursts of training, in collaboration with nonprofits and companies, that immediately produce a valuable credential. In addition to its career express credentialing effort, Valencia offers around 90 associate degree programs in technical fields. Some of the most popular choices including nursing, cardiovascular technology, engineering technologies, entertainment-related technologies, criminal justice, and paralegal studies.
- To address a nursing shortage in Broward County, Florida, **Broward College** and the local Memorial Healthcare System formed a consortium of hospitals that were willing to guarantee jobs for graduates and support continuing education for those that became licensed. Broward College helped to form a paid apprenticeship program as well for students to earn credit in information technology.
- **Miami-Dade Community College** collaborated with Pixar, Viacom, Nickelodeon, Disney, and Sony to prepare individuals for careers in gaming and animation.
- **Colorado Mountain College** focused on chef training for hotels, restaurants, and resorts in the Rockies.
- **Lee College** in Baytown, Texas focused on preparing students for petrochemical careers with Exxon Mobil, Chevron Phillips, and others in the Houston Ship Channel area. Today the Community College Petrochemical Initiative

includes nine Gulf Coast community college systems that are offering training in 14 specific job areas in the industry. The website includes a description of the related jobs in that area, the projected need, the pay for those jobs, general and educational requirements, and the local colleges with a program of study in that area.

- **Lorain Community College** in Elyria, Ohio has established The MyUniversity program where students start taking college classes early in their high school career and can complete a bachelor's degree by the age of 20, for 80% less than a conventional college track in the area. Twenty-nine career pathways lead to a bachelor's degree in conjunction with other colleges and universities around Ohio.



# 10 Ways to Support Excellence in Community Colleges



The sky is the limit for partnerships between donors and community colleges. Yet many major foundations and companies that collectively lavish billions in gifts on four-year schools never even consider two-year counterparts. Community colleges lack the development budgets, donor outreach, alumni networks, sports leagues, fraternities and sororities, and reunion groups that four-year colleges use to build sentimental support.

## 2. Provide infrastructure support or invest in equipment

Some community colleges will need infrastructure support for a new workshop or industry-standard machines. Moreover, in some of the more expensive, cutting-edge fields such as biotechnology, regular investments are necessary to keep equipment and training up to date.

“ We discovered, early on, that community colleges—which educate half of all low-income and minority students—are nimble engines of not just economic development, but also educational entrepreneurship.

—Kathleen deLaski, Education Design Lab

As a result, there are many ways to invest in community colleges. Everyone has at least one in their backyard that is deserving of your consideration and support. The bi-annual Aspen Prize for Community College Excellence provides a data point on those that are carrying out their work with distinction, as well as those that show most improvement. One hundred fifty are deemed eligible in each cycle, and from this list 10 finalists are chosen. Employment and earnings outcomes are considered for the finalists and the ultimate winner.

Here are specific investment ideas in community colleges for donors:

### 1. Invest in local community college foundations

This is an excellent way to support the overall community college. Each individual foundation can advise on areas of greatest need.

### 3. Fund scholarships

Another option is to fund scholarships to support those with an economic need. If your giving is oriented around a particular subpopulation—such as veterans, students with STEM talents, or ex-prisoners—consider endowing a scholarship at a community college with solid Career and Technical Education (CTE) programs, aimed at that specific population.

### 4. Fund a technical curriculum

A strong opportunity is to fund the creation and implementation of a CTE curriculum at a community college or technical school. Donors such as Karen Buchwald Wright and the Ariel Corporation have taken this approach. Wright has poured millions into area community colleges, technical schools, and trades-oriented public colleges, with the aim of helping people acquire the skills they need to become valued employees. Working through schools like

Central Ohio Technical College, Stark State, Zane State, and the Knox County Career Center, Wright funded the development of a course that workers can take to build mid-level skills that are in short supply today.

## 5. Support essential wraparound services

An alternative means of support is through wraparound services—for childcare, food, healthcare and mental health services, and transportation—that help students remain in school and successfully complete their credentials. Additional funds are needed as several states are asking to expand the regional initiatives statewide.



There may be no better instrument available across America today than community colleges when it comes to improving economic mobility—and donors have a key role to play.

*Learning to Be Useful*

The Philanthropy Roundtable's Guidebook  
2016



## 6. Support faculty positions

Our 2016 guidebook, *Learning to Be Useful*, suggested that “some philanthropists may want to help recruit crucial faculty to career-training tracks, to fund career counselors who link students to employers, or to create a job-mapping system that will allow a college to show adult workers how upgrading their skills can lead them to better positions.”

## 7. Support the Community College Growth Engine Fund

Consider the Community College Growth Engine Fund, a catalytic investment in community colleges to demonstrate their potential position as drivers of innovation between education and employment.

The Fund has raised \$2.5 million in commitments so far to support its work over the next two years. Six forward-leaning community colleges will be selected to receive pathway design services, national network facilitation, and technical support in an accelerated learning community to incentivize and unlock their potential to be leading regional drivers of economic growth. Each community college will bring two employees and a local high school district to further develop three micro-pathways and credentials.

## 8. Make investments to help students graduate

An important test of an effective community college is ensuring that learners actually leave with a degree or useful certification. Completion rates at many associate degree programs hover around 30%, leaving much room for improvement. But donors are stepping up. For example, the Richard M. Fairbanks Foundation recently awarded nearly \$1.1 million over two years to fund Ivy Tech Community College's career coaching and employer connections initiative.

## 9. Spread the word about outstanding community colleges

Publicizing outstanding career training by a community college can be important in getting other donors over a key hurdle: the tendency of many philanthropists to target only prominent four-

year colleges with their grantmaking. Too many donors support only their alma maters and flagship universities, overlooking the immense value that a career-savvy community college can bring to a region. There may be no better instrument available across America today than community colleges when it comes to improving economic mobility—and donors have a key role to play.

## 10. Launch a foundation at your local community college

Locate a community college in your area that is effective at career education. If the institution doesn't already have a foundation, provide the seed money for starting one. Such foundations are often important in launching new job-linking ventures.

Community colleges are a critical economic engine that will help to fuel the nation's recovery from

the economic disruption. They offer a tremendous return on investment, serve many adult learners who come from low- to moderate-income backgrounds, and provide credentials and certifications that can move an individual from poverty to economic self-sufficiency. With growing partnerships with employers and industry, they provide work-based learning opportunities that enhance both the likelihood of meaningful employment and increased wages. They have had a direct impact in many communities across the U.S. There are many ways in which philanthropy can support these drivers of personal success, community development, and poverty alleviation. An investment in our community colleges supports education, employment, and the economy.

The Philanthropy Roundtable's Economic Opportunity program explores strategies that donors can support to ensure people achieve greater economic independence, security, and mobility through work. For more information on community colleges or additional information about this program, contact Tony Mayer, director of economic opportunity programs, at [tmayer@PhilanthropyRoundtable.org](mailto:tmayer@PhilanthropyRoundtable.org).



