



JOHN J. HELDRICH CENTER FOR
WORKFORCE DEVELOPMENT

Deploying Community Colleges to Strengthen State Economic Development: A National Study

Executive Summary

by Jennifer Cleary and Aaron Fichtner, Ph.D.

October 2005

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Introduction

State governments across the nation are engaging community colleges as cornerstones of their comprehensive economic development strategies. This report summarizes the efforts of 10 states, recommended by national experts, to deploy community colleges in support of state economic development priorities. The 10 states are:

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|------------|------------------|
| ♦ Florida | ♦ Mississippi |
| ♦ Georgia | ♦ North Carolina |
| ♦ Illinois | ♦ Pennsylvania |
| ♦ Iowa | ♦ South Carolina |
| ♦ Michigan | ♦ Washington |

In today's post-industrial, knowledge-based economy, companies need access to both a highly skilled workforce and the educational resources that can help workers learn new skills. Recognizing the unique and substantial role they can play in meeting companies' workforce needs, policymakers in the 10 states profiled in this report are turning to community colleges as key resources for attracting, maintaining, and supporting key employers in their states.

The 10 states were selected based on recommendations from national economic and workforce development experts and a review of the research literature. Findings reflect research that included over 20 interviews with senior state and local community college and economic development professionals and reviews of state Web sites and scholarly studies.

Key Findings

1. States profiled for this study deploy community colleges to strengthen state economic development using three types of programs or initiatives that:
 - Support the development of a well-trained workforce,
 - Meet the training needs of individual companies, and
 - Address the workforce needs of key economic sectors and industries.
2. Officials interviewed for this study report that these programs are successful because states have:
 - Created mechanisms for collaboration and set clear goals for coordination efforts that balance the needs of state and local stakeholders,
 - Identified their key industry clusters and developed regionally based plans to support the workforce needs of those clusters, and
 - Provided stable funding for community colleges to support state economic development priorities.

Finding #1: State governments profiled in this study deploy community colleges to support state economic development efforts using three types of programs.

1. Programs to enhance the skills of the state's entire workforce

Recognizing the importance of a skilled, educated workforce to economic development, states in this study have created or expanded programs that promote

access to, and development of, general academic and workforce development programs at community colleges.

These states have long provided funding for community colleges to offer degree, certificate, and continuing education programs designed to improve the skills of state residents. Some states have built on this foundation by creating programs that increase student access to postsecondary education at community colleges and by launching efforts to strengthen the training offered by community colleges.

For example, **North Carolina**, through the Occupational Continuing Education Program, provides subsidies for students to pursue non-credit vocational education courses. Several states, including **Pennsylvania** and **Washington**, have developed *dual enrollment* or similar programs that allow high school students to earn credits at local community colleges, and thus make smoother transitions to further education.

Other states have launched efforts to ensure higher consistency and quality of training for state workers and employers. **Michigan** has implemented the Worldwide Instructional Design System, which promotes the development and sharing of competency-based curricula among community colleges through innovative software. In addition, **Florida's** Project Frameworks establishes minimum standards for all of the state's postsecondary vocational education courses.

2. Programs to meet the training needs of individual companies

Governments in the profiled states have also provided longstanding support to customized training programs that offer financial assistance to companies to upgrade the skills of their employees. Several states have defined a significant role for community colleges in such programs.

Iowa, Mississippi, North Carolina, and South Carolina have designated community colleges as the *sole providers* of state-funded customized training.

Florida, Georgia, Iowa, and South Carolina have developed a *highly visible, single point of entry to access training at community colleges*. For example, **Georgia** provides companies with one-stop access to customized training services at community technical colleges and other public postsecondary schools through its Quick Start program. State-level personnel in this program assist businesses to identify training requirements and match them with a community college to meet the company's needs. In addition, **Iowa's** unique One Source program, developed by the state's consortium of community college presidents, offers companies coordinated training services at all of the state's community colleges. The colleges share curricula to meet companies' training needs throughout the state.

3. *Programs or initiatives to develop a trained workforce for key sectors of the state economy*

States profiled in this study increasingly target economic development efforts to vital sectors of the economy, including industries, groups of related businesses known as industry clusters, and occupations. Several states are mobilizing community colleges and other stakeholders to produce a well-trained workforce for these key industries. These efforts are the newest, and perhaps most exciting, way that state governments use community colleges in support of state economic development goals.

Several states, including **North Carolina, Michigan** and **Illinois**, provide funding to community colleges and other stakeholders to form partnerships and develop *customized solutions* to the workforce needs of targeted industries. For example, **North Carolina's** Workforce Initiatives program funds an array of projects designed to meet the training needs of important state industries. For example, the BioNetwork project has created new biotechnology courses at all of the state's community colleges, as well as a hands-on training center for use by community college students, to improve the pipeline of skilled workers for the biotechnology industry.

Similarly, state officials in **Illinois** developed the Critical Skills Shortage Initiative. The program funds regional partnerships of community colleges, companies, and workforce and economic development agencies. The partnerships identify occupations with skills shortages,

uncover the causes of the shortages, and develop unique solutions.

States including **Florida, Pennsylvania**, and **Washington** have developed programs that provide additional state funding to community colleges to develop *degree or certificate-based programs to support high demand occupations and industries*. For example, **Pennsylvania's** community colleges receive higher than normal reimbursement rates under the state's Economic Development Stipend Program for training students in demand occupations and industries identified by state officials.

Other states use community colleges to develop trained workforces for key industries by establishing *centers of excellence* and *innovation zones*. States including **Washington** provide financial support to community colleges to establish centers of excellence in key industries. The centers represent partnerships with companies and other community colleges to develop and share state-of-the-art, industry-based curricula, training facilities, and product incubator laboratories. In **Pennsylvania, North Carolina**, and **Michigan**, policymakers are increasing community college involvement in innovation zones, which provide incentives for academic institutions, employers, and other stakeholders to develop research and development and training-related partnerships designed to improve the business climate for entrepreneurs and businesses in targeted industries.

Finally, some states are using community colleges to deliver training for key industries based on *nationally*

recognized industry skill standards. For example, The Research Curriculum Unit at **Mississippi** State University develops curricula for the state's secondary schools, community/junior colleges, and vocational centers that incorporate industry, academic, and basic workplace skills standards and are aligned with industry skill certification requirements. **Michigan's** Technical Education Centers, which are guided by regional public-private partnerships and staffed by community college instructors, offer open enrollment training based on industry skill standards to workers in the state's key industries. In addition, **Georgia** has created Certified Specialist Programs at the state's two-year technical colleges to deliver training based on nationally recognized skill standards for occupations in major state industries.

Finding #2: Successful state efforts to deploy community colleges to support economic development share three common elements.

Three broad strategies state policy leaders use to ensure the success of programs designed to engage community colleges in state economic development efforts emerged from interviews with officials. While not every state has implemented these steps, nearly all of those who were interviewed agreed that these approaches were vital to the accomplishment of state efforts. These approaches, as well as examples of specific actions states have taken in these areas, are:

1. Successful states create mechanisms for collaboration

For example, the governors in **Michigan, North Carolina, and Washington** have formed special councils to address economic development. These councils have strong representation from state-level community college personnel, economic and workforce development professionals, companies, and other stakeholders. The councils ensure that all state organizations are working together to accomplish a common set of economic development goals.

Elsewhere, state-level departments and other organizations have developed mechanisms for inter-agency collaboration to improve economic and workforce development planning. For example, **Washington's** statewide Workforce Investment Board hosts regional "Skills Summits" that bring community college representatives together with workforce and economic development policymakers and key business leaders to identify and solve regional workforce development challenges.

In **North Carolina**, state community college representatives are included in business recruitment efforts led by the Department of Commerce. Officials meet directly with businesses to construct individualized training-based incentives to be delivered by the state's community college system.

Officials who were interviewed stressed the importance of setting clear goals for collaboration efforts. According to them, success depends on policymakers setting goals that are responsive to the needs of state and local stakeholders. For example, **North Carolina**'s Economic Development Council establishes statewide priorities and identifies potential partnership opportunities involving businesses and community colleges. However, local colleges provide input about local needs and potential partnerships to the state and exercise considerable independence in implementing funded projects.

2. Successful states identify key industry clusters in the state and develop plans to support the economic growth of those clusters

Each state in this study conducted research to identify industries and groups of interrelated businesses — known as industry clusters — that are important to the state economy. These studies identify where vital concentrations of businesses are located and inform the development of state economic development strategies. For example, **Washington**'s governor-appointed Competitiveness Council conducted a statewide study in 2001 that identified regional concentrations of key industry clusters. Following the study, the state legislature passed a law requiring that the state pursue a regional, cluster-based approach to economic development.

In fact, every state in this study has developed a regional approach to economic development based on the findings from industry cluster studies. For example,

Illinois and **North Carolina** have developed economic development strategies around their respective economic regions, each focusing on the unique groupings of businesses and industries identified in their industry cluster studies.

Also in response to an industry cluster study, the **Michigan** Department of Economic Development created 16 Regional Skills Alliances. The alliances are employer-led and regionally based. Community colleges and other stakeholders work with companies to identify and solve local workforce challenges in industries targeted by the state for economic growth.

3. Successful states create stable funding for community colleges to support state economic and workforce development priorities

Nearly all officials interviewed for this study felt that stable funding was important to ensure that community colleges make significant, ongoing contributions to state economic development efforts. While few state governments have fully addressed this issue, several states have taken significant steps to ensure that community colleges have funding to maintain activities and programs that support state economic development goals.

For example, **Pennsylvania** recently redesigned its basic funding formula for community colleges, dedicating \$23 million in additional funding for community colleges to align their services with state economic development priorities.

Mississippi, Washington, Iowa, and North Carolina have established categorical funds to support workforce development programs. Similar to New Jersey's Workforce Development Partnership Fund, these specialized budget categories provide a secure funding source for customized training and other programs in which community colleges participate. **North Carolina** also created the Workforce Initiatives Program, which consolidates state, federal, and private funding sources to support key economic development projects at community colleges. In **Iowa**, community colleges are authorized to sell training bonds to employers to support customized training activities, providing them with a level of control over the amount of funds raised.

To remain competitive, New Jersey policymakers should define a more essential role for community colleges in its plan to grow the state's economy. Policymakers should enhance the state's existing programs and incorporate major lessons learned in other states.

Conclusions

The states profiled in this study use a variety of programs to deploy community colleges to provide substantial contributions to state economic development goals. State governments have created programs involving community colleges that raise the skill levels of all workers, provide training and other benefits to particular firms, and offer broad-based support to important sectors of the economy.

While these programs take different forms, all share similar elements. The need for strong leadership, coordination, and partnerships among stakeholders, as well as access to ongoing funding was a consistent theme in interviews with state and local officials. In addition, all states profiled have focused their efforts on key industry clusters.



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