Zooming in on Community Colleges

Even as overall labor market conditions have normalized over the past year, employers in the skilled trades continue to report a lack of available workers. The overall supply of workers has improved, but the supply of workers *with the right skills* remains limited.

Employers are not the only parties invested in strengthening the talent pipeline. Communities recognize that to be competitive, they need a strong workforce.

One type of institution that has come up time and time again as a preferred partner in workforce development is community colleges. We at the Richmond Fed have taken a particular interest in these institutions: They partner with high schools to offer advanced learning opportunities via dual enrollment and to connect students with apprenticeships. They partner with four-year colleges to prepare students for a bachelor's degree. They help localities build a talent pipeline for an area's strategic sectors. They help employers train potential employees and current ones.

Why are community colleges so well positioned to partner on workforce development?

To start, their educational offerings often align with jobs in the skilled trades, the very segment of the labor market in which we hear the greatest imbalance. As local insiders, they know their markets well enough to tailor their offerings to local needs.

Community colleges are also accessible. Their programs tend to be shorter duration and lower cost. They offer flexibility for nontraditional students who may study part time due to work or family responsibilities.

AN INCOMPLETE MEASURE OF SUCCESS

This all raises the question: If community colleges play such a critical role in

workforce development, why don't they attract more support? We think it is partly because they are being evaluated on the wrong metrics.

To be clear, we at the Richmond Fed are not policy advocates in this area. We do not seek to influence enrollment, programming, or funding decisions. But given our dual mandate, we do seek to understand the forces at play in the labor market, and our data collection and analysis expertise allows us to fill information gaps. In the community college space, we saw a void, and I'm excited to share a bit about what we have been doing to fill it.

Community colleges face considerable skepticism around their effectiveness. If you look up average graduation rates, their success rate is only about 30 percent. That's about half the rate for four-year institutions.

With that context, hesitation around enrollment and funding decisions is understandable: Parents and guidance counselors may hesitate to push students in the direction of community colleges. Governments, philanthropies, and other potential funders may hesitate to invest in programming and initiatives.

But it's time to reconsider how community colleges are assessed. Community college outcomes have historically been measured with the same metric as four-year institutions — the share of first-time, full-time, degree-seeking students who finish within time and a half of expected graduation. This narrow definition of success does not account for part-time or returning students or those who take a little longer to graduate, pursue a non-degree option, or transfer to a four-year institution prior to graduation. That means community colleges are not getting credit for many of the positive outcomes they achieve.

A BETTER WAY TO MEASURE

In 2022, we launched our Survey of Community College Outcomes. Our intent was to produce a more comprehensive metric of community college success in our district, as well as to gather information on non-credit programs, dual enrollment, and little-understood community college offerings like wraparound services (which range from career counseling to assisting students in obtaining food and child care).

Our metric measures success across a broader span of students and counts a wider range of outcomes. We recognize that community colleges often serve a higher number of nontraditional students, so our cohort includes both full-time and part-time degree- or certificate-seeking students and all students who are enrolling at the institution for the first time. We then consider the students in that broader cohort to be successful if they transfer, persist, graduate with an associate degree, diploma, or certificate, or attain an industry-recognized credential or licensure. That's because there's more than one way for a community college student to succeed. If an achievement benefits the student in joining or progressing in the workforce, we count it as a positive contribution.

In our initial surveys, we found that the traditional measure of success did indeed significantly undersell community college contributions — both the number of students they serve and how successful they are. For example, consider Virginia's 23 community colleges. The traditional measure put their average success rate in 2023 at a little over 36 percent. Our measure came in at just under 63 percent. For policymakers and students alike, those two very different success rates might well lead to different decisions.

At the end of the day, a community college succeeds when it provides its local area with what it needs, and those needs differ from one place to another. Our success rate takes that into account; community colleges can be equally successful while serving students in the ways most fitting to their areas. At an urban college, a high success rate might come from a high share of students transferring to a nearby four-year institution. At a rural institution, a similarly high success rate might instead come from a high share of students receiving industry-recognized certificates to work for local employers.

We've also learned more about what kinds of students are availing themselves of community college opportunities and in what ways. For instance, in our latest survey results — posted on our website last month — we found big differences in how male and female students use community colleges. Among students in credit programs in our district, roughly three in five students are female, similar to the picture among four-year undergraduates. But among the 470,000 students in non-credit community college programs, which don't show up in federal education data, a slight majority (53 percent) are male. Another notable difference between credit and non-credit programs is the students' life stages: Students in non-credit programs are far more likely to be adult learners, that is, 25 or older. More than three-quarters of non-credit students are in that group, versus only around a third of students in credit programs.

Our hope is that a measure of outcomes allowing for varied definitions of success will improve the education-to-work pipeline. If community colleges know that contributions beyond degrees will be recognized, then they may be more willing to partner with employers and local schools to tackle workforce needs. If government and private funders better understand success rates, they may be more willing to invest. If parents and students perceive better outcomes, they may be more willing to enroll.

One thing I've taken away from my years on the Federal Open Market Committee and, before then, my decades in the corporate sector is the vital importance of good data — the base of information to which judgments can be applied. It's important to education, too. I'm looking forward to seeing what results emerge from this new trove of information.

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A longer version of this essay was delivered as an address to the Virginia Education and Workforce Conference on Oct. 23, 2024.

OUR RELATED RESEARCH

"First Look: The 2024 Survey of Community College Outcomes," Nov. 19, 2024

"Funding Wraparound Services at Community Colleges," Community College Insights, Oct. 24, 2024

"Preparing to Work: The Demand for Postsecondary Education and How Its Changing," *Econ Focus*, Third Quarter 2024

"Concerns for Rural Community Colleges," Community College Insights, March 28, 2024

"Dual Enrollment: An Alternative Path to College for High Schoolers," Speaking of the Economy, March 20, 2024

"Non-Credit Workforce Programs at Community Colleges," Regional Matters, Feb. 22, 2024