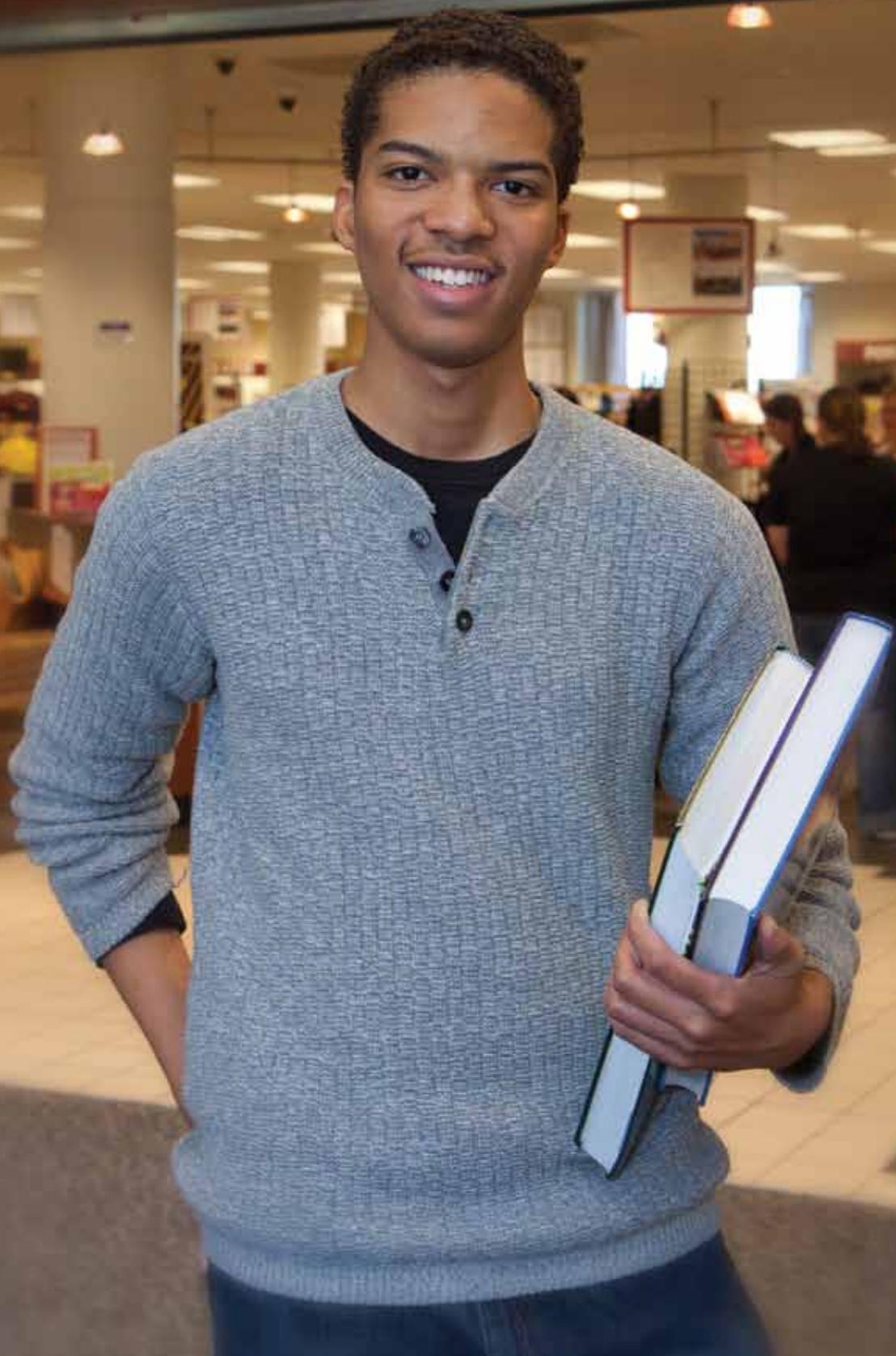
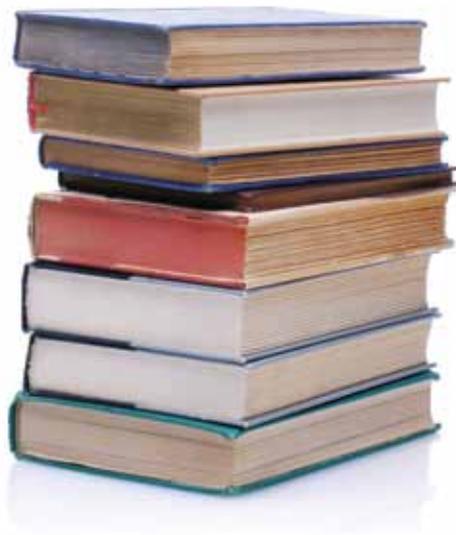


Recipe for Success:

Community colleges prep students for the workforce





While he was growing up, Corey Paris (pictured left) frequently heard his parents fondly recall their days at Johnson County Community College in Kansas. His parents had met each other as students at the school located in the Kansas City metro several years ago.

When the time came to decide what he was going to do after high school, the 19-year-old Paris decided to check out JCCC for himself. He says his decision to enroll at the institution is already paying off.

“It’s such a close-knit school, and you just get a good feeling being here,” Paris says. “It’s a large school with a small-school atmosphere. I am always meeting people who tell me something about my dad when he was here.”

Paris, who serves as the president of the student senate and aspires to eventually enter politics, feels that the community college has provided a good foundation for his future career plans.

“You get your money’s worth here,” he says. “No other school I looked at had the combination of academic and social opportunities that fit what I wanted.”

For a growing number of people such as Paris, the path to better career prospects is leading through a community college. This has

been especially true during the recent recession and recovery, as more students looking to save money are turning to community colleges before transferring to four-year colleges, while experienced workers who have been recently laid off are using community college resources to retool their skills for new careers. In both cases, community colleges are providing skills to meet the current and future demands of employers, administrators say.

The role of community colleges in the Tenth Federal Reserve District—an area that includes western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado and northern New Mexico—is likely to continue to grow, according to Alison Felix and Adam Pope of the Federal Reserve Bank of Kansas City, who recently completed research on the topic.

“Projections for the labor market suggest that more new jobs in the District over the next decade will be filled by those who have an associate’s degree or some college than any other education level,” says Felix, a senior economist at the Kansas City Fed. “As the economy continues to change, employers will demand more workers with the skills community colleges can provide.”

Across the District, employment in service industries—such as administrative and support; professional, scientific and technical;



KANSAS CITY FED PRESIDENT TOM HOENIG (far left) and members of the Omaha Branch Board of Directors recently toured the healthcare education facilities at a community college in Norfolk, Neb. Community colleges are facing increased demand for their services by those seeking to improve their earnings prospects as the economy recovers.

and healthcare—are expected to show strong gains during the next decade. Each of these industries provides ample opportunities for community college graduates, Felix and Pope say.

But, the researchers add, community colleges are likely to face challenging financial pressures as they are forced to educate growing numbers of students with dwindling funds from state and local governments.

Vital contributors

During the last half century, community colleges have been vital contributors to local economic growth by adapting to meet the needs of the workforce. In addition to providing opportunities for students to work toward two-year associate's degrees, community colleges also allow high school students to earn college credit, provide a place to obtain vocational

skills, help students and professionals obtain certification or other training, and help others who simply enjoy learning new skills.

“Students at community colleges receive a number of benefits, including expanding their employment opportunities and developing personal skills, such as personal finance or auto repair,” Felix says. “But, perhaps the most common reason people take a community college class is to boost their earnings potential.”

Felix and Pope cite a number of studies that found completing one year, or 30 credits, of study after high school increases a worker's wages by 5 to 11 percent. For those who complete a two-year associate's degree, the earnings potential reaches between 20 and 30 percent higher than those with only a high school diploma.

Community college students also have a wide range of career opportunities, which

include occupations in the healthcare, financial, retail and wholesale trades. In addition, positions that were previously filled by high school graduates, such as those in the construction industry, are increasingly being filled by workers who receive training from community colleges in welding, plumbing, and heating and air-conditioning installation. Certification in fields such as nursing, computer technology and firefighting are also provided by community colleges.

Mark James, chancellor of the five-campus Metropolitan Community College system in Kansas City, Mo., says students are enrolling at his institution with more “intentionality.”

“Laid-off workers and other nontraditional students are coming to MCC not just for a general upgrade to their skills but with an eye towards what specific jobs will be available to them when they complete the training program, certificate or degree,” James says. “They want to know that their investment of time and money will make them more marketable to employers.”

But, it’s not just workers and students who benefit from community colleges’ presence. Local economies gain more productive workforces, more jobs and infrastructure benefits as a result of the training and education available at community colleges, Felix and Pope say.

“Additional worker earnings generate tax revenue, which translates to funding for school improvements, roads and other infrastructure,” Pope says. “Research also shows that better educated workers are more productive citizens, which helps create a community where other skilled workers and strong employers want to locate.”

Community colleges have also developed productive partnerships with local industries to help develop specific skills sought by employers. A 2004 audit by the Government Accountability Office found 75 percent of community colleges offered some kind of contract training course aimed at meeting an

employer’s specific need. In rural areas, the partnerships were even more widespread, with more than 90 percent of community colleges offering contract training.

Recent trends

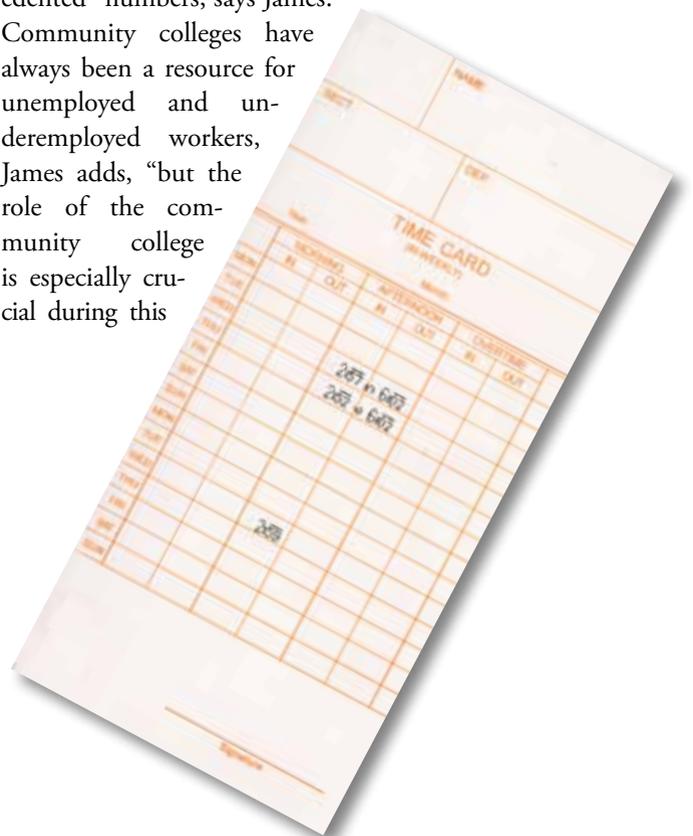
During economic downturns, students and workers alike have traditionally turned to community colleges as an affordable way to meet their educational and training needs. The latest recession was no different.

“That has absolutely been consistent with what our experience has been over the last few years,” said Terry Calaway, president of Johnson County Community College.

In terms of total enrollment numbers, JCCC has seen an increase from 17,000 students in 2007 to about 22,000 in the fall 2010 semester, an increase of about 29 percent. Nationally, enrollment at community colleges rose about 24 percent from 2007 to 2009, according to figures Felix and Pope cite.

At MCC, enrollment in recent years has risen at a similar pace, reaching “unprecedented” numbers, says James.

Community colleges have always been a resource for unemployed and underemployed workers, James adds, “but the role of the community college is especially crucial during this



recession, when there has been simultaneous growth in businesses' need for efficiency and the number of workers they are forced to lay off."

Area employers are turning to both institutions to meet their needs in a number of fields. Calaway says one of JCCC's trademark programs is its culinary and hospitality program, which offers an associate's degree in chef apprenticeship. The program provides a real-world setting for students to practice food preparation, along with menu planning and purchasing.

"There is a dramatic need for those who want to work in high-end chef positions at country clubs and restaurants," Calaway says.

In addition, JCCC has seen "huge growth" in its small business and entrepreneurship programs, as well as math and science programs. A new two-story, 50,000-square-foot health careers center is scheduled to open this year in Olathe, Kan., on land donated by Olathe Medical Center to house JCCC's programs for nursing, home health aides, certified nurse assistants and others.

"We're preparing students for careers that didn't exist five years ago, and even careers that don't exist today," Calaway says. "That bodes well for the growth of the region."

At MCC, programs in transportation, logistics and supply chain management; animal health; welding; and small business are seeing increased interest from students and employers. Healthcare is also expected to be a major source of growth, specifically professions in health information technology, and occupational and physical therapy assistants, James says.

Effect of budget cuts

However, as more students turn to community colleges during economic downturns, institutions have had to deal with budget cuts from state and local governments that are affected by the same downturns.

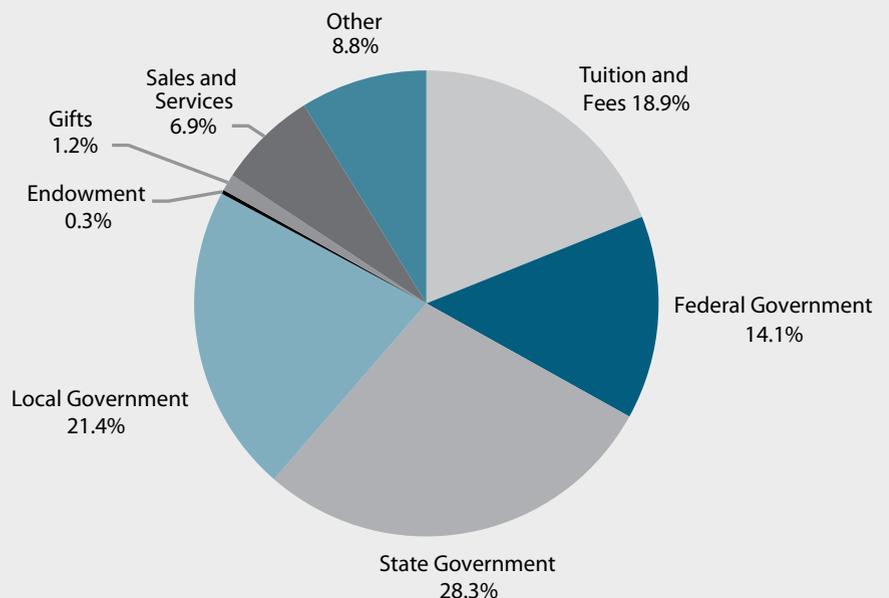
"These budget cuts result in financial pressure on community colleges at a time when they most need funding to maintain or expand their programs," Felix says.

Community colleges rely on state and local

Tenth District Community Colleges

2007 revenue sources

Community colleges in the Tenth Federal Reserve District, which includes western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado and Northern New Mexico, rely on a variety of revenue sources. State and local governments provide about half of community colleges' revenue, and the reliance on these two sources leaves community colleges more vulnerable to changes in tax revenue than four-year colleges, according to Alison Felix and Adam Pope of the Kansas City Fed.



funding for about half of their total revenue, Felix and Pope say. As a result, community colleges are more vulnerable to changes in state and local tax revenue than four-year colleges, which rely much less on state and local funding.

In the District, community colleges have faced budget cuts ranging from 1.77 percent in Oklahoma to 7.15 percent in Kansas for fiscal year 2011. Many states are still planning to cut more in coming years and are asking colleges and universities to tighten their belts accordingly.

“It definitely makes things more challenging,” says JCCC’s Calaway. “We took some hits, but we have been prepared.”

Calaway said members of the school’s board of directors anticipated the pressures of the recession and were able to limit the impact ahead of time. In all, JCCC cut \$11 million out of its annual budget of \$204 million during the last two years. The school responded through more conservative financial planning and job attrition.

“Next year probably won’t be any better budget-wise, but we are working hard to run our college like a business and get ahead of the trends,” Calaway says.

MCC has been working to diversify its revenue sources during the last few years by pursuing federal, state, local and private-source grants; leasing unoccupied space in college facilities; and expanding online learning opportunities, among other initiatives.

The college also remains committed to providing a quality education at an affordable price, and “any increase in tuition considered by the Board of Trustees will be with a goal of minimizing the impact on our students,” James says.

Forecast

Although the budget picture in many states remains dire, community colleges across the District are still likely to see increased demand for their services as a result of the

recent recession and structural changes in the workforce, Felix and Pope said.

However, the District’s community colleges appear better equipped to meet the demands for their services than other parts of the country. In every District state except Oklahoma, the student-faculty ratios at two-year institutions are below the national average.

“This suggests that community colleges in the Tenth District might be able to educate more students by increasing their student-faculty ratios,” Pope says. “As a result, the region’s community colleges are in a relatively good position to meet the increased demand in the long and short run.”

The goal for institutions such as JCCC is to continue to use their available resources to train and educate students including Corey Paris.

“I feel I’ve received exactly the kinds of opportunities I’ve needed to help me continue my education and start in the professional world,” Paris says. “It’s more than exceeded my expectations.”



BY BILL MEDLEY, TEN CONTRIBUTING WRITER

FURTHER RESOURCES

“THE IMPORTANCE OF COMMUNITY COLLEGES TO THE TENTH DISTRICT ECONOMY”

By Alison Felix and Adam Pope
KansasCityFed.org/publications

COMMENTS/QUESTIONS are welcome and should be sent to teneditors@kc.frb.org.