



## Optimizing Investments in Community College and Worker Training

The Biden administration has made investments in education and training a top priority. The campaign's proposal to [support education beyond high school](#) aims to make meaningful investments in the education and training system. It includes a \$50 billion investment in community colleges and other effective training providers to make skill building more affordable and effective and to create pathways for workers to achieve economic security.

This brief outlines the three key policy goals we think are necessary to ensure worker success in the post-pandemic economy. More detail on the Markle Foundation's views of the policies needed to support a strong recovery can be found [here](#).

The ideas in this brief would advance the Biden Administration's goals of expanding community college training programs, increasing partnerships between unions and employers, and providing people greater access to these programs.

Specifically, we believe the Biden Administration should address program affordability and effectiveness in order to reorient job-connected training offered by community colleges and the workforce system toward the long-term economic security of learners while advancing racial equity in economic outcomes. The pandemic has [disproportionately impacted women and people of color](#), who face higher unemployment rates and a greater demand to exit the workforce to take care of children and family members. Education and training will be needed to help people find jobs and reenter the labor force. At the same time, reforms are needed in the education and training systems and in the employment system to improve [historical gaps along racial lines in completion and labor market outcomes](#).

There are three core policy goals we think are critical for the Biden Administration to address:

1. Increase program affordability to ensure that tuition and supportive services costs are no longer a barrier to pursuing education and training;
2. Provide a framework to identify, scale, and use effective training programs, accounting for the wide variation in program quality;
3. Expand employer and union-based training programs to create more opportunities for workers to pursue job-connected training that allows them to earn while they learn.

Below you will find further details on each of these goals.

### **Increase program affordability including non-tuition costs**

Affordability is a major barrier that individuals face when pursuing post-secondary education and training. Pell Grants do not cover all effective programs, including training programs run by community-based organizations and labor-management partnerships. Additionally, Pell Grants are not generous enough for more expensive programs. While program cost often accounts for the largest expense, the cost of supportive services – such as transportation and childcare – can prove to be an insurmountable barrier for many low-income learners. According to a [2018 CLASP report](#), 71 percent of community college students have some

unmet financial need. [Several evaluations](#) have shown that when provided with wraparound supports and additional financial assistance, community college students are more likely to complete their programs and achieve better labor market outcomes. Below are options to address affordability of both tuition and supportive services:

1. *Fund program costs, supportive services, and cash aid:* Creating a new training account or a training grant would enable the Administration to make funding available that is sufficient enough to cover both tuition and essential supportive services costs while workers are pursuing effective education and training programs. We would suggest that any new training funding be tied to a program's record of raising the wages of its participants and helping them secure jobs (see further details below). In providing funding for only effective programs, the funding could cover a larger share of costs. We would suggest making funding more generous than Pell and giving students the option to use a Pell Grant or the new financing vehicle.

To provide the most robust amount of support, a training account should be given to all unemployed and low-wage workers for any program that gets people good jobs at good wages. More limited policies could include:

- Limit program eligibility to those that are two years or less in length.
  - Limit funding to only unemployed workers rather than unemployed and all low-wage workers.
  - Focus on specific sectors. The proposal could cover only programs in certain sectors –such as infrastructure, clean energy, health care – reducing covered programs.
  - Leverage existing social safety net investments to reduce costs of supportive services, including prioritizing childcare block grant dollars for students with children and providing states with assistance on leveraging SNAP dollars.
2. *Fund supportive services and cash aid directly to students:* If major investments in community colleges make programs tuition free, a training grant or account for individuals could provide additional funding directly to workers to help them cover non-program costs at community colleges and program costs for effective training providers outside of the community college system, including union training programs and programs run by community-based organizations. Making this small amount of funding available to learners for the most effective programs is a valuable way to steer more people toward these programs.
  3. Alternatively, additional funding could be provided to community colleges and effective training providers to enable them to provide these critical services. But without an effectiveness framework, some of this funding would support students in ineffective programs.

### **Create an effectiveness framework for program funding and accountability**

The Biden campaign's proposed \$50 billion investment is substantial in the context of current funding. It is critical that this funding goes to effective programs in order to ensure that these programs translate to worker success in the labor market. An effectiveness framework helps protect workers from predatory programs and will help in the identification of programs outside the community college system that should be funded, including union training programs and programs at private institutions.

Returns to training programs vary widely. Our review of the research finds that [federal job training programs](#) raise earnings between approximately \$1,300 and \$3,500 annually. Sectoral training programs, such as [Per Scholas](#) and [Year Up](#), raise wages between \$2,000 and \$8,000 annually. [Associate degree programs](#) have an

average return of between \$6,000 and \$9,600 annually, with the highest return programs in health raising wages by \$17,600 annually. Programs with higher returns could receive more funding, and we would also recommend that programs that raise wages and get people into the highest wage jobs (e.g. \$50,000) receive the most investment. States could identify which programs are effective. Many states already have the capacity to assess program effectiveness. Further investments in data infrastructure, paired with federal-state partnerships to assess program quality, would allow other states to do so as well. Below are other options for creating an effectiveness framework within the context of community college investments:

1. *Higher funding levels to effective programs:* If there are plans to distribute funding to community colleges and partners through states, funding could go to states on the condition that they measure effectiveness and provide more funding to the most effective programs. One model is Career Connect Washington, which fully funds student enrollment for each student enrolled in a state-validated Career Connect program. Indiana has also created a list of programs that meet certain labor market outcomes and provides additional funding to students for these programs.
2. *Transparency & coaching:* At a minimum, workers need information and guidance to determine which program best fits their needs and career goals. Given that workers need counseling to guide their education and training choices and to complete training programs, the expansion of career coaching should be considered. Coaching funding could also be conditioned based on states' efforts to make information on training programs, including training scorecards, available.

### **Expand employer-based training and union-provided training**

Investments in community colleges alone will not lead to more employer-based programs as many community colleges do not have sufficiently strong employer partnerships. Grants to partnerships of colleges and businesses are also unlikely to be effective because it is hard to judge which programs have real employer buy-in. We saw this with the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grants where [evaluations](#) did not show a consistent positive impact on earnings, suggesting funding could have been better targeted.

To achieve the goals of expanding employer partnerships and employer-based training, we recommend two complementary proposals below:

1. *Grants to organizations that support employers on training, inclusive hiring, and job quality.* Fund organizations, not just colleges, that have a history of working with employers to create training programs that meet certain job quality thresholds. This would lead to the creation of a wider array of training programs and could support organizations that work on job quality and workers' rights simultaneous to training, including labor-management partnerships. Organizations and partnerships supported should also be allowed to use funds to promote inclusive hiring practices that remove barriers for people of color and those without formal education. We believe a small grant program could have a big impact since WIOA funding is so minimal and there is not much other funding available for organizations working with employers.
2. *Grants to small and medium-sized businesses and unions to create training programs:* Provide funding to small and medium-sized employers and to unions and labor-management partnerships to work with community colleges and other eligible providers to create training programs, with a requirement that their partners also receive funding. This would allow employers and labor partners to signal which training partners are high quality and incentivize educational leadership and employers to co-define in-demand skills and collaborate on program creation. Multiple employers

should be required to collaborate to ensure that skills are not specific to one employer. Additionally, job quality standards, such as at least \$35,000 annual salary, should be imposed to ensure training leads to good jobs.