

## Iowa Community College Excellence Fund 2015

- What is Iowa's biggest challenge when it comes to creating jobs?
  - It is a lack of skilled workers according to Forbes 2010 Rankings of the States.
  - Forbes ranked Iowa #13 on overall business friendliness.
  - Forbes ranked Iowa 40<sup>th</sup> when it comes to labor supply.
- Iowa's Community Colleges are the primary trainers of Iowa's skilled workforce.
  - Nearly 80% of Community College graduates stay in Iowa after they graduate.
  - Iowa businesses work hand in hand with their local community college to design training and academic programs to meet the needs of their future workers.
- Community Colleges are becoming important centers for entrepreneurial and small business development.
- Funding for Community Colleges has repeatedly been cut.
  - State General Aid for FY 2011 is \$159 million—\$25 million less than in FY 2009.
  - Funding on a per student basis in FY 2010 is \$2,053—1/3 the per student funding level ten years prior in FY 2000.
- The 2015 Proposal also incorporates leading edge accountability measures.
  - Community Colleges have a long history of embracing accountability measures.
  - A team of Community College Presidents are beginning this work to expand their measures.
- The Iowa Community College Excellence Fund 2015 Proposal is designed to provide community colleges the resources they need to:
  - Grow the skilled workforce Iowa needs.
  - Enhance entrepreneurial and small business development.



# Iowa Community College Excellence Fund 2015

## Funding Outline

<u>Budget Line Item</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Aid	\$159 Mil.	\$174 Mil.	\$189 Mil.	\$204 Mil.	\$219 Mil.
(Note: State General Aid as originally approved by the legislature and Governor in FY '09 was \$184 Mil., \$25 Mil. above the FY '11 funding level.)					
WTED Fund	\$11.5 Mil.	\$14 Mil.	\$16.5 Mil.	\$19 Mil.	\$21.5 Mil.
PACE	\$0	\$5 Mil.	\$10 Mil.	\$15 Mil.	\$20 Mil.
ACE Infrastructure	\$5.5 Mil.	\$5.5 Mil.	\$5.5 Mil.	\$5.5 Mil.	\$5.5 Mil.
General Infrastructure	\$2 Mil.	\$2 Mil.	\$2 Mil.	\$2 Mil.	\$2 Mil.

*22.5m ea yr.*

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Best Places

Table: The Best States For Business And Careers

Kurt Badenhausen, 10.13.10, 06:30 PM EDT

Utah tops our fifth annual ranking, knocking longtime leader Virginia from the top spot.

OVERALL RANK	2009 RANK	STATE	BUSINESS COSTS RANK	LABOR SUPPLY RANK	REGULATORY ENVIRONMENT RANK	ECONOMIC CLIMATE RANK	GROWTH PROSPECTS RANK	QUALITY OF LIFE RANK	POPULATION	GROSS STATE PRODUCT (\$BIL)
1	3	Utah	8	5	6	1	20	18	2,811,600	87
2	1	Virginia	24	3	2	4	14	6	7,927,400	329
3	5	North Carolina	3	15	3	18	9	32	9,460,300	322
4	4	Colorado	33	1	15	6	6	9	5,059,500	201
5	2	Washington	28	2	5	11	4	29	6,705,100	265
6	10	Oregon	18	4	34	14	12	21	3,857,500	144
7	8	Texas	26	21	17	2	1	38	25,010,700	912
8	6	Georgia	31	7	1	30	7	35	9,919,300	324
9	9	Nebraska	6	23	28	12	40	14	1,800,900	68
10	15	Kansas	23	18	11	13	30	27	2,829,800	97
11	7	North Dakota	4	37	25	3	33	23	649,900	25
12	11	Idaho	17	19	29	20	19	20	1,556,500	44
13	14	Iowa	7	40	19	17	39	13	3,012,800	110
14	12	Maryland	49	8	9	19	29	8	5,726,500	225
15	17	Minnesota	30	8	32	37	13	4	5,285,600	213
16	34	Massachusetts	50	10	13	22	28	1	6,615,000	308
17	16	South Dakota	1	32	37	5	46	25	814,400	30
18	29	Missouri	15	39	7	26	36	26	5,998,000	196
19	19	New Hampshire	40	6	47	32	5	2	1,328,700	50
20	21	Delaware	12	13	31	47	16	36	890,000	48
21	32	New York	43	29	23	9	22	11	19,580,500	946
22	23	Tennessee	10	38	4	44	23	43	6,324,200	206
23	36	Arizona	36	12	38	15	7	37	6,651,500	207
24	13	Montana	19	11	40	10	42	34	980,200	27
25	28	Alabama	21	42	10	29	10	46	4,722,500	135
26	18	Florida	37	14	22	36	3	39	18,589,000	588
27	22	Wyoming	2	24	49	8	48	31	548,200	21
28	31	Nevada	13	27	33	24	17	47	2,656,100	99
29	30	Indiana	10	43	16	48	32	19	6,443,700	204
30	33	Pennsylvania	34	34	21	16	43	7	12,624,000	437
31	43	Kentucky	8	45	26	40	15	33	4,327,000	123
32	26	Arkansas	14	44	24	25	21	44	2,899,700	78
33	20	Oklahoma	16	41	20	7	50	41	3,698,100	105
34	25	South Carolina	26	28	8	43	26	45	4,587,000	125
35	27	New Mexico	22	32	35	31	2	49	2,020,800	61
36	35	Connecticut	45	17	39	23	35	3	3,521,500	175
37	24	Illinois	39	30	18	34	38	24	12,951,100	507
38	37	Ohio	32	47	12	46	37	12	11,541,600	377
39	38	California	44	25	43	28	11	22	37,173,100	1,515
40	45	New Jersey	46	20	41	33	33	5	8,724,400	383
41	46	West Virginia	5	48	46	38	23	40	1,820,300	46
42	42	Alaska	29	31	42	27	27	42	702,300	29
43	48	Wisconsin	35	36	36	34	47	10	5,665,600	196
44	44	Louisiana	25	50	27	41	18	50	4,509,600	141



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## Iowa Community College Excellence Fund 2015

Iowa's leaders from both political parties have made job creation and economic growth the top issue for the 2011 legislative session. During his campaign, Governor-elect Terry Branstad campaigned hard on the following goals that he'd like to see Iowa accomplish over the next five years:

- Create 200,000 new jobs
- Raise Iowan's incomes by 25%
- Re-establish Iowa as an education leader
- Revamp Iowa's economic development strategy
- Reduce government spending by 15%

Jeff Boeyink, Governor Branstad's Chief of Staff recently stated: "You should look at everything we do and be able to tie it back to one of our goals."

Legislative leaders share many of these same objectives, especially when it comes to job creation, economic growth, and raising family incomes. At a recent meeting with reporters, Senate Majority Leader Mike Gronstal said, "The most important message that Iowans sent us, in fact that people across the country sent to everybody, Democrats and Republicans, is it's time to work on getting people back to work. We're going to work with Republicans on getting Iowans back to work."

Speaker-elect Kraig Paulsen made similar comments. "The overwhelming issues that I think will consume the bulk of the 2011 session are going to be spending, taxes and getting Iowans back to work," said Paulsen.

### **Iowa's Community Colleges can play a major role in helping Iowa create jobs, boost economic growth, and raise family incomes.**

Iowa's Community Colleges can play a major role in helping Iowa accomplish these economic growth goals. Iowa Workforce Projections indicate that as much as 80% of the jobs coming open and being created require only a 2-year degree or less. As the primary generator of Iowa's skilled workforce, Iowa's Community Colleges believe if you build a skilled workforce, 200,000 jobs will come. Additionally, Community Colleges are an important strategic partner to Iowa's employers, and as such, play a central role in creating regional centers for entrepreneurial and small business development.

**Many discussions regarding how best to create 200,000 new jobs in Iowa and raising family incomes focus on improving Iowa's tax and regulatory climate. While these are important elements to job creation and income growth, an equally important element is investing state resources in building Iowa's skilled workforce.**

Recently, *Forbes Magazine* rated all 50 states for Businesses and Careers, and overall, Iowa ranked 13<sup>th</sup>. **However, when it came to labor supply, Iowa ranked much lower—40<sup>th</sup> overall.** This low ranking is especially harmful when compared to our neighboring states—Nebraska ranks 23<sup>rd</sup> in labor supply, South Dakota ranks 32<sup>nd</sup>, and Illinois ranks 30<sup>th</sup>. As for growth prospects (which directly ties to the state's ability to create 200,000 jobs), it ranks 39<sup>th</sup>. It is no coincidence that labor supply and growth are closely linked.

**To create 200,000 new jobs, Iowa needs a skilled workforce to fill those jobs.** As the primary source of Iowa's skilled workforce, a renewed commitment to funding state general aid at Iowa's Community Colleges is required.

**Growing Iowa's skilled workforce requires tapping into Iowa's working population of low income youth and adults, immigrants and minorities, who are currently under-skilled and underemployed with little or no post secondary training or education.**

The challenges Iowa faces are reflected in the *Forbes* data as well—one factor that influenced *Forbes* in giving Iowa a low ranking for labor supply is that Iowa ranks poorly in educational attainment.

Given the demographic trends in Iowa, flat population growth, an aging population, a growing minority population and a decreasing number of high school graduates, we cannot afford to let any of our citizens fall through the education and economic cracks. Iowa's Community Colleges work closely with these population groups today at the best return on investment of state resources. These efforts need to be significantly enhanced to grow Iowa's skilled workforce.

**Finally, meeting these job creation and family income goals requires an enhanced commitment to entrepreneurial and small business development.** Additionally, this commitment must take place on the regional level so that all Iowans are served. As key strategic partners with businesses in all regions of Iowa, it makes sense for Community Colleges to play a central role in this enhanced commitment.

In fact, almost every Community College today plays a role in entrepreneurial and small business development in their region. North Iowa Area Community College in Mason City hosts a John Pappajohn Entrepreneurial Center. This highly regarded center plays a vital role in helping new businesses in north central Iowa get off the ground.

Other Community Colleges have different entrepreneurial needs in their regions. For instance entrepreneurs can identify special training for their future workforce, and can work closely with the Community College leadership in their region to ensure this training is incorporated into the curriculum at the Community College.

**Iowa's Community Colleges are already engaged in the entrepreneurial and small business development in their region.**

To help achieve the five stated economic goals of Iowa's leadership, we are recommending a bold new investment strategy in Iowa's system of Community Colleges to help rebuild and stimulate the Iowa economy by ensuring affordable access to quality postsecondary education and job training programs, thereby improving the skill levels, employability and earning power of thousands of Iowans.

Because businesses believe so strongly in the fundamental role that Iowa's Community Colleges can play in helping Iowa's leaders accomplish their goals, we are proposing **the establishment of the Iowa Community College Excellence Fund, a four year, \$90 million commitment that builds Iowa's skilled workforce and enhances entrepreneurial and small business development in our state.** This commitment is necessary to insure our Community Colleges have the resources to respond to Iowa's growing need for a skilled workforce.

- 1. In order to grow Iowa's skilled workforce, over the next four years, the Community College state general aid base will grow by \$60 million, with the goal to increase the state general aid base by \$15 million each of the four years. This would be over the base FY2011 funding of \$159 million.**
  - Despite the central role that Iowa's Community Colleges play in supplying Iowa's workforce, over the past decade Community Colleges have been gravely underfunded relative to their growth, and as a result, Iowa's ability to produce and expand its skilled workforce has been significantly limited.
  - This limitation has resulted in growing waiting lists for high demand programs and increased use of part-time and adjunct faculty.

- Community College enrollment has increased 37.7% in the past eleven years while state general aid has grown by only 14.3% resulting in a decline of 12.8% in funding per full-time equivalent enrollment (FTEE).
  - Iowa's Community Colleges enrolled 106,597 credit students the fall of 2010, 100,736 in the fall of 2009 and 88,104 the fall of 2008. During that two-year period:
    - Credit students increased 18,493 or 21.0%.
    - State general aid declined by \$21,562,246 or 12.0%.
    - Funding per FTEE declined from \$1,953 to \$1,436 or 26.5%.
  - Even with a \$60 million increase in state general aid over the next four years and assuming no growth in enrollment, the state investment per FTEE remains only \$1,978 per FTEE in 2015 which is still significantly less than our state's investment in K-12, private college and state university Iowa resident students.
  - The Community Colleges commit to increase their production of degree, diploma and certificate recipients.
2. **To enhance the ability of low-skilled Iowans to join Iowa's skilled workforce, within four years, \$20 million will be invested in a student success initiative entitled "Pathways for Academic Career Education and Employment (PACE)." This funding will be phased in over 4 years, growing by \$5 million each year.**

Targeted program funding will be used to support the delivery of education, job training and workforce development programs and support services to low skilled, low income youth and adults with little or no post secondary training or education and other underserved populations. Given Iowa's historic stagnant population growth and the continuing decline in high school graduates, these Iowans represent the future of Iowa's skilled workforce.

- This \$20 million investment will move the Community Colleges focus from "access to success" by creating a focal point on GED/ABE, ESL, developmental and remedial education, along with the development of career pathway models and programs to improve a student's attainment of credentials for skilled employment.
- Each Community College will receive an annual base funding with the balance being distributed according to the Community Colleges' distribution formula.
- These funds will be built into the Community College's state general aid base at the end of each year.
- Each Community College will prepare an annual plan and progress report detailing the use of these funds.
  - The Community Colleges will work together to form a PACE Steering Council.
  - The plans and progress reports will be reviewed annually by the State Board of Education and the Steering Council.
  - The plans and progress reports will contain consistent performance measures that align with the PACE program as determined by the Steering Council.
  - The plans and progress reports will contain the following core elements:
    - Programs developed are driven by regional employer and workforce needs;
    - Programs developed utilize innovative integrated basic skills curriculum or bridge programming to support the attainment of skilled credentials for employment;
    - Programs developed will provide for industry recognized credentials that lead to certificates, diplomas and degrees; and
    - Programs developed will partner with community based organizations to support the outreach, recruitment and services to underserved populations.
    - Setting and achieving firm targets for completion and/or credentialing.
- Create employment opportunities by matching skilled workers with employers who need them.

- **Establish the “Pathways for Academic Career Education and Employment” (PACE) Program Fund to implement this initiative.**
3. **Assist Community Colleges in playing a central role in entrepreneurial and small business development in their region by increasing the funding level of the Workforce Training and Economic Development (WTED) Fund from \$11.5 million to \$21.5 million, increasing by \$2.5 million each year over the next four years.**

The Workforce Training and Economic Development Fund has become the primary *source for Community College, employer directed program innovation, development and capacity building investments.*

- This plan maintains the \$11.5 million that the WTED Fund currently receives from three sources, even if it is decided to phase-out those underlying funding sources.
- This investment replaces lost funding from the Iowa Power Fund (\$2.5 million) and the Rebuild Iowa Infrastructure Fund (\$2.0 million) allocated to the WTED Fund in each of the past four years.
- This fund is used primarily for career and technical education programs and initiatives with 70% of the funding required to be invested in Iowa’s targeted industry clusters.
- **Add entrepreneurial education, small business assistance and business incubators as an eligible funding category in the WTED Fund.**

**In addition, we are proposing continued investments in the following Community College infrastructure programs:**

- \$5.5 million will be invested in the ACE Infrastructure Program from the RIIF.
  - Currently being funded from the I-JOBS bond fund.
- \$2.0 million will be invested in the Community College maintenance fund from the RIIF.
  - Currently being funded from the I-JOBS bond fund.

**What can Iowa’s leaders expect from Iowa’s Community Colleges in return for this significant commitment?**

- Establish new program performance metrics.
  - One area of emerging importance in higher education is the need to develop specific performance targets for institutions that receive state government funding. While to date, no such performance targets have been established in Iowa for the Regents, Community Colleges, private colleges, or for-profit institutions, Iowa’s Community Colleges are willing to commit to specific performance targets as part of their work with Iowa’s low-skilled population.
- Provide ongoing program annual updates similar to those performed with the WTED Fund.
  - Iowa’s Community Colleges are unique in that they are the only entity that is required to annually provide program updates to the Iowa Department of Economic Development regarding the use of our WTED Funds.
  - We are willing to provide similar reports regarding our work to implement the proposed PACE program.
  - We are willing to establish a common management information system for the PACE program to evaluate student success.

It is critical that Iowa achieve the job growth and rise in incomes committed to by Governor Branstad and Iowa’s legislative leaders. These are two legs of a three-legged stool of economic growth. Iowa’s Community Colleges have the expertise to provide a skilled workforce, the other leg of the three-legged stool. Without a skilled workforce there is little chance that these economic growth goals can be achieved. Iowa’s Community Colleges have the necessary tools in place, and with the proper resources will do their part in making these goals a reality.

