



**Testimony by Dr. Joe Schaffer, President
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“Putting America Back to Work: The Role of Workforce Development and Small Business Rehiring.”

**U.S. House of Representatives
Committee on Small Business Subcommittee on Innovation and Workforce Development
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Good afternoon, Chairman Crow, Ranking Member Balderson, and Members of the Committee. My name is Dr. Joe Schaffer and I am president of Laramie County Community College, located in Cheyenne, Wyoming. I am here today representing my college as well as the American Association of Community Colleges (AACC). AACC serves as the national voice for America’s 1,050 community colleges. I have served AACC as chair of its Commission on Small and Rural Colleges, which focuses on the unique characteristics and needs of these colleges. I am now beginning service as chair of AACC’s board committee on Public Policy and Government Relations.

Very briefly, community colleges are the largest sector in higher education, enrolling 41% of all undergraduate students. In addition, the colleges enroll roughly five million non-credit students. The average age is 28, which accounts in part for the colleges’ emphasis on providing programs that can help individuals navigate the world of work. 26% of all credit students are Hispanic, and 13% are Black. 57% are female. The colleges are heavily dependent on state and local support, receiving 54% of their revenues from these sources. At this moment, this makes them ever more reliant on federal backing, as state budgets are ravaged by the recession.

As for my institution, Laramie County Community College (otherwise referred to as “L-triple-C”) is a public, two-year comprehensive community college serving Southeast Wyoming. The main campus is in the state capital of Cheyenne, approximately 100 miles due north of Denver and closer still to the growing Front Range of Colorado. The college has a branch campus in Laramie (Albany County and the home of the University of Wyoming) and two outreach centers. LCCC was established in 1968 and is governed by an elected, seven-member board of trustees. We serve over 6,000 students in credit courses, and thousands more annually enroll in non-credit workforce development courses and customized business training programs. Over the past decade, we have increased the numbers of degrees and certificates awarded by nearly forty percent.

There aren't many things more American than its community colleges and our small businesses. While there is a comfortable familiarity among the nation's community colleges and its Main Streets, individually they are as unique as the economic and cultural fabric of the communities they serve. At the local level, colleges and small business work hand-in-hand. Many community colleges oversee, house, or coordinate resources for small businesses, such as Small Business Development Centers, SCORE Chapters, and Business Retention and Expansion programs. In addition, central to the community college mission is the provision of customized training and workforce development programs tailored to the needs of the businesses we serve.

For my testimony today though, I would like to talk about four specific ways in which community colleges support America's Main Streets. Although I will share some specific examples, I want to be clear that we need to be doing substantially more in these areas. Selfishly I would also argue we need to focus specifically on helping our rural communities ramp up these efforts.

Entrepreneurship and Small Business Starts

Community colleges have a rich history of developing and delivering programs that prepare job seekers for real opportunities within their communities, states, and regions. For America more broadly, and certainly our rural areas, we need to fundamentally shift from only focusing on developing job seekers to equally emphasizing developing job creators. According to the Kaufman Foundation¹, between the late seventies and 2012, the share of young businesses (less than a year old) declined by more than forty percent. Census data also paints a scary picture for America, one where more businesses are closing up than new ones opening. This is especially worrisome given that new businesses account for the lion's share of job creation.

The business recruitment model has been the Holy Grail of economic development. Yet communities need to shift their focus from business recruitment as their primary economic development strategy to a mindset focused on entrepreneurship. Community colleges are helping drive this shift. For example, here in my state, the Southeast Wyoming Innovation Launchpad is a regional startup challenge for entrepreneurs coordinated by LCCC, the University of Wyoming, and many business organizations such as the Chamber of Commerce and the Wyoming Business Council. The initiative uses the Lean Launchpad process, combined with personalized business counseling, to validate every entrepreneur's concept, and the results have been impressive with multiple viable business concepts in various stages of launching their business.

Other examples exist, such as Hillsborough Community College's (Tampa, FL) **InLab** that provides an array of support to small businesses and prospective entrepreneurs. Or the recent launch of the National Association for Community College Entrepreneurship's (NACCE) **Everyday Entrepreneur Venture Fund**, that pairs community college business services with funds to start and re-start businesses associated with under-resourced entrepreneurs.

¹ Kauffman Foundation, "The Importance of Young Firms for Economic Growth," www.kauffman.org/resources/entrepreneurship-policy-digest/the-importance-of-young-firms-for-economic-growth/

Small Business Growth and Expansion

As you likely know, small businesses account for the majority of new private sector jobs². This growth doesn't come without intention and support. Community colleges have and continue to play an instrumental role in the growth and expansion of small businesses. This is one of the reasons that we collectively support the U.S. Department of Education's Reimagining Workforce Preparation grants that include business incubators as one of the program's two primary priorities. Helping small businesses move from start-up to sustained, stable growth should be a policy priority for us all.

In 2009, Goldman Sachs launched its **10,000 Small Businesses** program to help grow small businesses by partnering with community colleges to provide greater access to education, capital, and business support services. The Community College of Philadelphia has been a pace-setting community college in this space, producing graduates that have been recognized for leading some of the fastest-growing small businesses in Philadelphia³.

Technical Assistance

Small businesses, by their very nature, are small. It is not uncommon for many owners and employees to wear multiple hats and they seldom have in-house access to technical assistance, professional development, research and development, or other professional and scientific services. Community colleges have historically stepped up, and stepped in, to help small businesses in these areas. We do this either through the direct provision of assistance, education, or services, or through the coordination of these with community partners.

For example, in Phoenix, Maricopa Community College's **Corporate College**⁴ was developed to provide a broad array of services to business owners, ranging from employee training, assistance with technology, business resources, and the delivery of customized market-relevant solutions to help small businesses navigate the most complex aspects of their operations.

Workforce Development

Finally, the area community colleges have perhaps been the most progressive and instrumental in supporting small business has been in the realm of workforce development. Workforce development has been a hallmark of the comprehensive community college mission for nearly 100 years. Whether it is educating and training the future workforce that become job seekers or delivering customized workforce development solutions for specific employers or industries, there is no more significant contributor in this arena than America's community colleges.

There are two primary challenges that underlay the concept of "workforce development" and both are worth including in this testimony. The first is a simple problem of numbers. While the ongoing pandemic has led to record unemployment, we believe that the country will ultimately overcome the ravages of COVID-19 and find itself confronting many of the same economic challenges that existed even as recently as earlier this year. These include an aging population, lowered birth rate, and very low

² Small Business Administration's Office of Advocacy Frequently Asked Questions available at:

https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf

³ Community College of Philadelphia available at: <https://www.ccp.edu/business-and-industry/goldman-sachs-10000-small-businesses-program>

⁴ Maricopa Corporate College, available at: <https://www.maricopacorporate.com/>

unemployment (though labor force participation has dropped for major segments of the population). But it is also clear that businesses have struggled, and will struggle once again, with identifying workers ready to fill good jobs. Part of this challenge is simply due to a sheer lack of individuals available for work. This is particularly the case in rural America.

Future immigration policy should reflect this reality, and the broader demographic reality that the U.S. needs immigrants to maintain its population and economic competitiveness. From the 1970's to the early 2000's, our nation's working age population (ages 16 to 64) expanded by nearly 200,000 individuals each month. The Census Bureau projects that number to fall to roughly 50,000 per month over the next 15 years. Net international immigration to this country has accounted for 61% of our nation's population growth in the last ten years⁵. Community colleges remain a place where these individuals may connect, have their innate talents developed, and then deployed to meet America's workforce needs.

The other primary challenge, and one that understandably receives the most attention, is that of the growing skills gap in America. You have heard it stated numerous times – that there are jobs available but not the people with the specific skills necessary to successfully fill them. Community colleges have been at the helm tackling this challenge. You are likely already aware of AACC's significant role in the rejuvenation and broad expansion of apprenticeship programs across the United States. AACC's Expanding Community College Apprenticeship effort, in partnership with the Department of Labor, aims to add 16,000 new apprentices. In addition, most every community college has tailored curriculum and developed short-term certificate programs that are specifically designed to help prepare and advance their community's workforce. There are simply far too many examples to share in this testimony, but I feel compelled to say that without the community college, the ability to educate, train, and retrain our workforce would be nearly non-existent.

Yet, there is more we can do. Part of the skills gap issue is directly a result of insufficient support for workforce education at community colleges and other entities, again especially so in rural areas. There are a number of federal policies that could assist community colleges in meeting the needs of small business. These include establishing a major community college job training program to help the country move through the pandemic. Community colleges are well equipped to prepare individuals for good paying jobs, but most high value-added technical programs are expensive and existing funds simply do not cover all that businesses demand. Even in a time of relatively flush funding, support for job training can be difficult to identify. At the moment, it is in critically short supply and promises to become more so in the months to come. Therefore, community colleges continue to support a dedicated job training program, funded at \$2 billion over two years (to be expended over four) to allow community colleges to partner with businesses and state entities to help individuals find good jobs. While focused, demand-driven job training is not necessarily sufficient to ensure economic health, it is an indispensable component. The program supported by AACC is modeled after the highly successful Trade Adjustment Act Community College and Career Training program, which was phased out in 2017.

Relaunching America's Workforce Act, H.R. 6646, would create a program focused on community college training, based at the Department of Labor. AACC strongly supports this legislation. Unfortunately, the House-passed HEROES Act did not include this program or any dedicated community college training funds. However, we hope that final "stimulus 4.0" legislation could incorporate this legislation or similar legislation introduced in the Senate. This includes S. 3273, the bipartisan "Access to

⁵ Analysis and Summary from [Market Street Services, Inc.](#) (2018)

Careers Act,” or the community college training program included in the Coronavirus Child Care and Education Relief Act introduced in the Senate by Senator Patty Murray (D-WA).

Community colleges continue to strongly support new Pell Grant eligibility for short-term programs, i.e., those between 150 and 599 clock hours or its equivalent in length. These programs can help transform economic prospects for individuals at the lower end of the economic spectrum, where even relatively small wage gains can tremendously impact living standards. Currently, thousands of jobs in information technology, contact tracing, EMT and allied health fields, licensed commercial driving, and other areas could be filled by individuals enrolled in short-term programs. AACC has endorsed enactment of the Jumpstarting our Businesses by Supporting Students Act (JOBS Act), H.R. 3497, which would realize this policy. These short-term programs could be particularly helpful in meeting the needs of small business because of their relative flexibility. In particular, the JOBS Act could fund non-credit programs. The JOBS Act was first introduced four Congresses ago. It is past time for its enactment.

The Workforce Innovation and Opportunity Act (WIOA) is due for reauthorization and should be modified to help community colleges better serve small business, by placing community colleges more centrally within the federal workforce system—particularly by ensuring that they are looked to first to provide relevant training. Training itself needs to be funded much more robustly within WIOA. In many areas, expenditures to support American Job Centers and other aspects of the system’s infrastructure exceed the amount spent on training. The non-training functions are critical but the primary role for WIOA should remain providing people with the skills necessary to gain and hold down good jobs. Over time, WIOA has been more effectively integrated with other related programs, including the Carl Perkins Career and Technical Education Act, as well as adult education. This integration, driven in part through an emphasis on career pathways, should be continued.

Redistributing People/Redistributing Jobs

I want to conclude this testimony with two final thoughts that are at least tangentially related to the topic of this hearing. They pertain directly to the dire need for America to take stock of the growing divide that exists between Rural and Urban America. The formula for economic prosperity in rural areas is simple: economic activity plus economic opportunity results in economic and community prosperity. To accomplish this though, America must start considering policy and practices that help redistribute jobs and redistribute people across the Nation.

In 1950, just more than thirty percent of America’s population lived in rural areas. By 2010 that percentage had dropped to just over nineteen percent⁶. By 2018, only fourteen percent of the nation’s population was contained in non-metro areas⁷. Yet small businesses make up the largest share of businesses in non-metro, rural areas. The pervasive decline in population has had a direct impact on the longevity of existing small businesses and stymied the growth of new businesses. (Why start a business where you won’t be able to find employees or customers?) The result is less economic activity and less economic opportunity, leading to declining economic and community prosperity. This goes beyond business – it degrades the community’s infrastructure and has put enormous strain on educational facilities, especially rural and small community colleges, to keep pace with changes in technology necessary to support changes in business.

⁶ US Census Bureau “Measuring America,” available at:

<https://www.census.gov/library/visualizations/2016/comm/acs-rural-urban.html>

⁷ US Department of Agriculture “Rural America at a Glance” 2019 Edition, available at:

<https://www.ers.usda.gov/webdocs/publications/95341/eib-212.pdf?v=5832>

Populations matter. People matter. At one point in time business was driven to the locations that provided the most appealing, business-friendly climates. In the economic development world, this focused on low tax environments, limited governmental regulation, inexpensive land, etc. People went to where the jobs were. Today, the workforce, or people with desired skills, is becoming the primary driver for where businesses locate and grow. And today, people aren't going to Rural America, and as a result, neither are the jobs.

Last year, the McKinsey Global Institute produced a report⁸ titled "***The future of work in America: People and places, today and tomorrow.***" Their analysis was a bit staggering. Nearly all job growth (97 percent) between 2010 and 2016 occurred within urban areas. Looking forward, it is projected that twenty-five megacities will capture sixty percent of all growth through 2030. Yet rural areas on average have witnessed flat or negative job growth during this same time. Rural America has yet to recover to pre-recession levels of employment.

Automation, necessitated by low populations, low skills, and technological advancements will also disproportionately impact Rural America. In the McKinsey analysis, it is estimated that forty percent of jobs in rural areas will be automated by 2030. Of the 512 counties that will see the most displacement, 429 of those are rural. The COVID-19 pandemic is only making matters worse and will likely accelerate this trend as our economy recovers.

The coronavirus pandemic has had so many terrible, devastating impacts on our communities and our people. We will come out of this pandemic, and when we do, my hope is that it will have had two significant impacts on the country. First, I hope that people once again find the value in a "lower-density" lifestyle, where the dollar stretches a bit further, people have a little more space between them, and life leads at a slightly slower pace. I hope people rediscover Rural America and we begin to see populations start to redistribute to these areas, and new generations of Americans are born and grow in America's heartlands. I also hope that policy makers recognize this as an opportunity to purposefully help with this redistribution of the nation's population.

Second, I believe we are learning a painful, but valuable, lesson with the impacts to our supply chains in America. Chasing cheaper labor, higher profit margins, and perhaps less regulation, for decades took our manufacturing offshore and also allowed for critical manufacturing stages to be grounded on foreign soil in a desire for a less expensive product. These trends hurt us, and continue to hurt us, during the pandemic.

However, the rising expectations for quality of life, and as a result, higher wages, have made the offshoring of manufacturing jobs less appealing and less beneficial to businesses' bottom line. Even before the pandemic we were witnessing manufacturers looking to bring these jobs and their business back to the United States. With the right policy environment, this trend could accelerate substantially post COVID-19, and America might once again rise to be the world's "maker country" as it was in the days of Henry Ford. Community colleges can certainly help in this regard through offering programs in support of these manufacturing industries.

Part of this policy environment should also encourage the redistribution of these jobs across the country, with a specific focus on placement in Rural America. To do this, our businesses will need the

⁸ McKinsey Global Institute (2019) "The Future of Work" available at: <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-in-america-people-and-places-today-and-tomorrow>

right incentives, including adequate populations of trained individuals. Thus, investing in rural communities' infrastructure, supporting training programs for rural community colleges, and driving policy that helps our small manufacturers get a leg up in Rural America should all be taken seriously. Manufacturing can perhaps become the catalyst for a renaissance of Americana and a re-emergence of the middle class.

Mr. Chairman, Members of the Committee, thank you for the opportunity to share this testimony today. Your work is important, and on behalf of AACC and America's community colleges, I want you to know we stand ready to help small businesses thrive in our communities and across the nation.