

**Congress of the United States**  
**U.S. House of Representatives**  
**Committee on Small Business**  
2361 Rayburn House Office Building  
Washington, DC 20515-6515

**MEMORANDUM**

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**TO:** Members, Subcommittee on Innovation, Entrepreneurship, and Workforce Development  
**FROM:** Jason Crow, Chairman  
**DATE:** November 4, 2021  
**RE:** Subcommittee Hybrid Hearing: “The Community College Pipeline to Small Businesses”

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The Committee on Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development will meet for a hybrid hearing titled “The Community College Pipeline to Small Businesses.” The hearing is scheduled to begin at **10:00 A.M. on Thursday, November 4, 2021, in person in 2360 Rayburn House Office Building and via the Zoom platform.**

Community colleges and the services they provide are an essential part of the COVID-19 recovery effort. From workforce development initiatives, like apprenticeships and job training, to innovation and entrepreneurial development programs, like incubators and accelerators, community colleges are central to rebuilding local economies and retooling the American workforce. Members will hear from educational leaders on the way community colleges can drive economic development and revitalization.

**Panel**

- Dr. Anne Kress, Ph.D., President, Northern Virginia Community College, Annandale, VA.
- Dr. Rebecca A. Corbin, Ed.D., President & CEO, National Association for Community College Entrepreneurship, Cary, NC.
- Mr. Joe Garcia, Chancellor, Colorado Community College System, Denver, CO.
- Mr. Frank Boecker, Manager of Human Resources, Sunwest Electric, Inc., Anaheim, CA.

**Background**

Community colleges are regionally accredited institutions, which primarily award associate degrees as their highest award. Historically, they date back to the early 20<sup>th</sup> Century when efforts were made by leaders at the local and national level to significantly increase college enrollment in response to the rising global economic competition.<sup>1</sup> Many saw a skilled and educated workforce as key to the country’s economic strength and sustainability and saw an opportunity to provide that through institutions more accessible to populations than traditional four-year universities.

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<sup>1</sup> Richard L. Drury, *Community Colleges in America: A Historical Perspective*, INQUIRY, VOL. 8, NO. 1, Spring 2003. <https://files.eric.ed.gov/fulltext/EJ876835.pdf>

Now, as the U.S. recovers from the COVID-19 pandemic and experiences growing pains in the form of labor shortages and supply chain disruptions, ensuring workers have skills tailored to jobs available in their local communities is more important than ever. Community colleges can provide a number of services that help grow the small business economy, from workforce development, training, and apprenticeships tailored directly for the needs of local businesses to even providing entrepreneurial development alongside incubator and accelerator services.

### **The Current Labor Shortage**

Before the COVID-19 pandemic, the U.S. had been experiencing a skilled labor shortage for more than a year with a record low unemployment of less than 4 percent.<sup>2</sup> In the first two months of the pandemic, unemployment jumped from 3.5 percent to 14.8 percent.<sup>3</sup> Now, more than a year-and-a-half later, the job market is still in flux. Although the unemployment rate is down to 4.8 percent, millions of Americans are still looking for work and employers are struggling to find workers to meet the pent-up demand.<sup>4</sup>

### **COVID-Related Factors**

There was an expectation that the workforce shortage would improve in September 2021, since many children across the country would be returning to school and the enhanced federal unemployment benefits would expire.<sup>5</sup> This would solve the problem of lack of childcare preventing parents from re-entering the workforce and provide an incentive for the unemployed to look for work. After the weaker-than-anticipated Jobs Report for the month of September, the answer may be more complicated than the initial assumptions. For instance, many workers are reluctant to return to work due to the surge in the Delta variant, which continued through September.<sup>6</sup>

Others have been able to save during the pandemic and wait for a decent job offer. In fact, savings rates jumped from 12.5 percent in March of 2020 to 32.2 percent in April and remained elevated throughout 2020.<sup>7</sup> While these savings aren't necessarily keeping people out of the labor force, they are allowing people to be more selective with job offers.<sup>8</sup> Finally, despite the reopening of schools, childcare is still an issue. Younger children still require day care, an industry that is also dealing with a labor shortage.<sup>9</sup> As of early October, a total of 2,238 schools that began the year in-person have temporarily closed or pivoted to hybrid learning.<sup>10</sup>

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<sup>2</sup> Tim Henderson, *Help Wanted: Too Many Jobs and Not Enough Workers in Most States*, STATELINE, Oct. 14, 2019. <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2019/10/14/help-wanted-too-many-jobs-and-not-enough-workers-in-most-states>

<sup>3</sup> U.S. BLS, *Labor Force Statistics from Current Population Survey*, LNS1400000, Oct. 20, 2021. <https://data.bls.gov/timeseries/LNS1400000>

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Ben Casselman, *The Economic Rebound is Still Waiting for Workers*, NEW YORK TIMES, Oct. 19, 2021. <https://www.nytimes.com/2021/10/19/business/economy/us-economy.html>

<sup>7</sup> Alex Gailey, *How Has the Pandemic Impacted U.S. Savings Rates?*, TIME, Aug. 30, 2021.

<sup>8</sup> *Id.*

<sup>9</sup> Clair Cain Miller, *'Can't Compete': Why Hiring for Child Care Is a Huge Struggle*, NEW YORK TIMES, Sept. 21, 2021. <https://www.nytimes.com/2021/09/21/upshot/child-care.html>

<sup>10</sup> Lauren Camera, *Coronavirus-Related School Closures Plateau*, U.S. NEWS & WORLD REPORT, Oct. 4, 2021. <https://www.usnews.com/news/education-news/articles/2021-10-04/coronavirus-related-school-closures-plateau>

### Changing Economy

For many Americans, the pandemic brought on a reassessment of work and life. Nearly 1 in 3 U.S. workers under 40 years old have thought about changing their occupation or field of work since the beginning of the pandemic.<sup>11</sup> This is reflected in job openings and labor turnover survey conducted by the Bureau of Labor Statistics, which found that 4.3 million Americans quit their jobs in August 2021.<sup>12</sup> This may cause a misalignment as many people must learn new skills to take jobs in certain industries. For many of those that are switching careers, community college might be the best place to obtain the skills needed.

### Community College and Workforce Development

#### Noncredit Courses

Community colleges can be particularly useful for educating and training workers that are switching careers or seeking to gain more skills in their field. Beyond offering two-year associate degrees, they also offer “noncredit” courses, which can be used to obtain certifications or industry-recognized credentials. There are an estimated 3.7 million noncredit learners currently attending community colleges.<sup>13</sup> These programs do not count toward obtaining a degree, but instead are focused solely on building skills applicable in the workplace.

Beyond being a shorter, more concentrated timescale than a liberal arts education, they are also significantly more affordable, ranging from only several hundred dollars to several thousand. Often, these courses have been designed in consultation with local small firms and local workforce boards seeking to determine the skill needs of many small businesses and can be used as an agile new method of directly training workers specifically for certain businesses or industries.<sup>14</sup>

#### Apprenticeships

Apprenticeships are earn-while-you-learn models of workforce development that combine a classroom education with on-the-job training. The word apprenticeship usually refers to Registered Apprenticeships through the Department of Labor (DOL), a pre-apprenticeship program, which provides remedial learning such as basic math skills in preparation for a registered apprenticeship, or a youth apprenticeship, which is tailored toward high-school students to prepare them for the workforce or post-secondary education.

Community colleges play an important role in administering Registered Apprenticeship programs in three different ways. First, they can be a training provider, which provides the classroom portion of the apprenticeship and is responsible for co-creating curriculum alongside local businesses. Moreover, these community colleges grant credentials based on competency testing and facilitate

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<sup>11</sup> Heather Long and Scott Clement, *Nearly a Third of U.S. Workers Under 40 Considered Changing Careers During the Pandemic*, WASHINGTON POST, Aug. 16, 2021.

<https://www.washingtonpost.com/business/2021/08/16/us-workers-want-career-change/>

<sup>12</sup> U.S. BLS, *Job Openings and Labor Turnover – August 2021*, Oct. 12, 2021.

<https://www.bls.gov/news.release/jolts.htm>

<sup>13</sup> Tamar Jacoby, *Community College Are an Agile New Player in Job Training*. WSJ, Sept. 23, 2021.

<https://www.wsj.com/articles/community-colleges-are-an-agile-new-player-in-job-training-11632405309>

<sup>14</sup> *Id.*

access to financial aid and other support resources, like tutoring and counseling.<sup>15</sup> Second, community colleges can act as intermediaries, connecting students to their local business community while remaining committed to providing them with a quality education.<sup>16</sup> In this role, they recruit, screen, and test potential apprentices alongside working with individual employers, to design tailored curriculum.<sup>17</sup> Finally, they can act as a sponsor and assume full responsibility for the administration and operation of an apprenticeship program, including by employing apprentices.<sup>18</sup>

### **Community Colleges and Entrepreneurial Development**

Providing entrepreneurial development through community colleges could be particularly useful during the recovery from the COVID pandemic given the surge in new business applications observed last year. Throughout 2020, 4.3 million Americans applied for Employer Identification Numbers (EINs) to start a business, and many of these came from those that were unemployed due to mass layoffs.<sup>19</sup> While many may have an idea or a craft they can market, some may not have the business skills necessary to garner investment or access credit. Utilizing the entrepreneurship training at community colleges could be an accessible and affordable way of obtaining those skills.

While community colleges traditionally function to provide post-secondary education and job training, many have created initiatives to boost entrepreneurship in their local communities. Some community colleges have chosen to create entrepreneurship centers that offer consulting and technical assistance, business plan development and review, market analysis, marketing plan development, and financial assessments.<sup>20</sup> This can help students embrace an entrepreneurial spirit that can be taken into their communities and used to create jobs and opportunities. In many cases, the entrepreneurship centers at many community colleges maintain partnerships with local and regional Small Business Development Centers (SBDC) alongside other SBA Resource Partners such as the Service Core for Retired Executives (SCORE).<sup>21</sup> Often these are used to provide business counseling services and offer continuing education workshops and seminars to students and outside potential business owners.

Community colleges can also be a location to start a business. Many house incubators, which provide low-cost spacing for small businesses to start, seek investment, and develop business plans. Starting a business at an incubator provides many benefits, such as business consulting services provided by entrepreneurship centers at those colleges.

### **Conclusion**

While U.S. businesses continue to struggle with the growing pains of the recovery from the COVID-19 pandemic, whether through labor shortages, supply chain disruptions, or the great

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<sup>15</sup> U.S. Dept. of Labor, *The Roles That Community Colleges Play in Apprenticeship*.

<https://www.apprenticeship.gov/educators/community-colleges>

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> John C. Haltiwanger, *Entrepreneurship During the COVID-19 Pandemic: Evidence from the Business Formation Statistics*, NBER, June 2021. <https://www.nber.org/papers/w28912>.

<sup>20</sup> HANOVER RESEARCH, *Community College Entrepreneurship Center Models*, September 2014.

<https://www.hanoverresearch.com/media/Community-College-Entrepreneurship-Center-Models.pdf>

<sup>21</sup> *Id.*

resignation, many workers and business owners can benefit from the services provided from community colleges. Community colleges can serve as training centers for new workers and those that are considering career shifts as well as people who want to start and grow their own small businesses.