

IMPROVING OUTCOMES (MEASUREMENT):

A NEW SURVEY OF COMMUNITY COLLEGE SUCCESS

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As a regional Federal Reserve Bank, we at the Richmond Fed spend significant time on the ground in the Fifth District, which spans the Carolinas, D.C., Maryland, Virginia, and West Virginia. Through conversations with business and community leaders, we seek to understand the current state and trajectory of the regional economy. We approach each interaction with our dual mandate of price stability and maximum employment in mind. So, the labor market is a recurring, key topic of conversation: Who in the community lacks employment opportunities? Which sectors lack workers? And importantly, what efforts are underway to help fill the gaps?

In these conversations, one player emerges time and time again as a crucial partner in ongoing and emerging workforce development initiatives: community colleges.

THE MANY ROLES OF COMMUNITY COLLEGES

Community colleges partner with elementary and middle schools to expose kids to in-demand skills and careers. They partner with high schools to offer advanced learning opportunities via dual enrollment and to connect students with apprenticeships. They partner with nearby four-year institutions to prepare students for a bachelor's degree. They partner with state, regional, and local governments to

build a pipeline of workers for an area's strategic sectors. And they partner with local employers to train potential employees and upskill existing ones.

▶ In these conversations, one player emerges time and time again as a crucial partner in ongoing and emerging workforce development initiatives: community colleges.

Why are community colleges so well positioned to help? First, many of their educational programs help prepare students for jobs in the skilled trades, the very segment of the labor market in which we hear the greatest imbalance between available jobs and workers. Second, community colleges have broad scope; they are able to serve students with a wide range of goals and timelines. Third, their program offerings tend to be relatively low-cost and of a short duration, optimal for upskilling or reskilling the workforce via stackable credentials. And finally, community colleges often educate students who come from and remain in their local service areas, meaning program offerings can be tailored to local needs. For example, one may find a boat-building program at a coastal North Carolina community college, while in the South Carolina Upstate region, one may see an advanced manufacturing program serving the area's growing cluster of manufacturing plants.

CHALLENGES FACING COMMUNITY COLLEGES

Community college finances are under stress. Nationally, two-year enrollment has stabilized but remains below prepandemic levels. Federal pandemic aid has ceased, and many community colleges must rely on grants to supplement funds for course and programmatic offerings.

At the same time, costs are rising. Wraparound services (e.g., child care, mental health support), which are increasingly recognized as an essential complement to educational offerings, especially for nontraditional students, come at a cost. Further, both student and employer demand are moving away from traditional associate degree programs and toward more costly programs, such as nursing and welding. These high-demand programs require expensive equipment, as well as the recruitment and retention of faculty that can otherwise work in highly remunerative fields.

Why isn't there more significant investment in community colleges?

In part, there is quite a bit of skepticism regarding community college outcomes. The average graduation rate at public community colleges, as

reported by the U.S. Department of Education, is 33.8%. In comparison, public four-year colleges have completion rates of 55.8%. For a student choosing where to study, a parent or guidance counselor advising a student, or a philanthropic or government institution deciding where to direct resources, the lower reported success rate at community colleges understandably brings hesitation.

THE TRADITIONAL MEASURE OF SUCCESS

In conversations with community college leaders across the Fifth District, we heard fervent pushback against this criticism of low success. They did not take issue with outcomes-focused decision making generally; they recognized that any investor is wise to look for a return on their investment. Rather, they took issue with the specific metrics being used to measure success.

▶ This traditional graduation rate does not fully capture the breadth of students that community colleges serve, nor the contributions they offer communities. In other words, if you think of the graduation rate as a fraction, with the number of “successful students” in the numerator and the “total number of students served” in the denominator, both parts undercount community colleges’ work.

IPEDS, or fully, the Integrated Postsecondary Education Data System, is the official higher education data reporting system for the U.S. Department of Education, and it provides a wealth of information. The traditional IPEDS graduation rate is a commonly used statistic to gauge the success of higher education institutions. Specifically, the rate measures how many first-time, full-time, degree- and certificate-seeking students finish within 150% of the expected time to completion. Going back to the average graduation rate for community colleges we mentioned earlier, that means only about a third of first-time, full-time, degree-seeking students at community colleges graduated within three years. IPEDS does have other metrics, including Outcome Measures, which uses a broader cohort, but most stakeholders use the traditional IPEDS graduation rate.

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Consider the denominator first: the total number of students served. The traditional measure leaves out a significant share of students that community colleges educate:

- **Students with previous college experience.** Community college students are older on average. Thus, they are more likely to have some college experience already under their belt as they seek to transition careers, upskill, or reenter the workforce.
- **Part-time students.** Partially due to older age, community college students are more likely to be employed or care for a family while enrolled, precluding full-time enrollment for many.

Now, consider the numerator: the number of community college students deemed successful. The traditional measure only counts those who graduate with a degree or long-term certificate within 150% of expected time to completion. Who is left out?

- **Students who take longer to graduate:** As discussed, community college students often attend part-time while working or caring for family members, meaning they may progress slowly. In the traditional graduation rate, even those who are still in good academic standing and on track to complete are counted as a failure if they take too long.
- **Students who attain nondegree outcomes:** Workforce development needs vary across communities. It's not a one-size-fits-all problem. Accordingly, community colleges do not offer a one-size-fits-all solution. The traditional graduation rate only considers degree and long-term certificate-seeking students, but community colleges fill voids in their communities through other avenues, including shorter-term certificates or industry credentials.
- **Students who transfer to a four-year institution without completing their community college degree.** Some students transfer to a four-year institution after completing an associate degree; others do so after just a semester or two of enrollment at the community college.

The traditional IPEDS graduation rate has its use case; it allows one to compare across two-year and four-year institutions with the same yardstick, which is helpful in many scenarios. As a stand-alone metric for community college success, however, it fails to capture a full view of both the student population and its outcomes.

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A NEW SURVEY TO MEASURE OUTCOMES

How well do community colleges perform if assessed with a more tailored success rate? The Richmond Fed recognized we could help to answer this question. In 2022, we launched the Survey of Community College Outcomes (SCCO), with the goal of producing a more comprehensive yardstick with which to measure community college contributions.

- ▶ The traditional graduation rate only considers degree and long-term certificate-seeking students, but community colleges fill voids in their communities through other avenues, including shorter-term certificates or industry credentials.

The resulting measure is the Richmond Fed's Success Rate. Our rate expands upon the traditional graduation rate to account for:

- **Nontraditional students:** Our denominator reflects a broader definition of the "total number of students served." Given that community colleges are likely to serve nontraditional students, such as those with prior college experience, part-time students, we include them in our success metric.
- **Nondegree success and longer student timelines:** Our numerator reflects a broader definition of success, counting the attainment of any degree, diploma, certificate, or industry-recognized credential, transfers to a four-year institution, and persistence in enrollment as positive outcomes. Furthermore, we allow for a longer time frame of four years, rather than the traditional 150% time to completion.

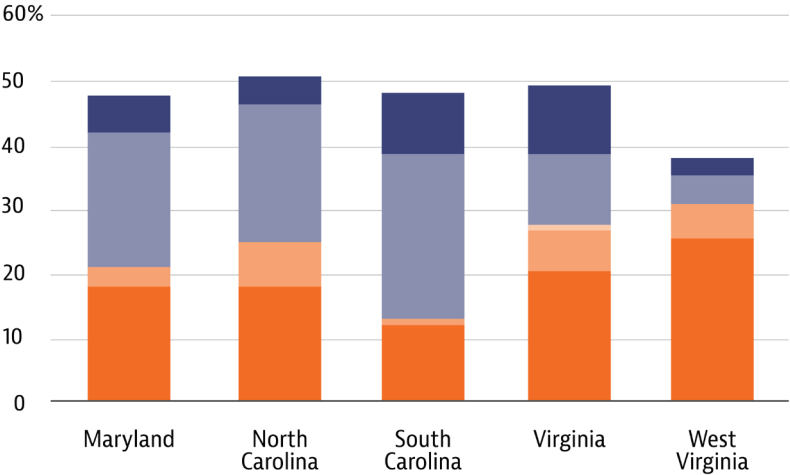
As viewed through the lens of the Federal Reserve's maximum employment mandate, all these student outcomes represent positive steps toward a more robust labor force. They are worth counting.

FINDINGS FROM THE 2024 RICHMOND FED SCCO

The 2024 survey included 121 community colleges in Maryland, North Carolina, South Carolina, Virginia, and West Virginia. We found community colleges do perform better on average if assessed with a more tailored success rate. In 2024, the Richmond Fed's Success Rate across the surveyed schools was 49%. That is 19 percentage points higher than the traditional IPEDS graduation rate for the same schools (30%).

/ FIGURE 1 /
SUCCESS BY STATE IN THE 2024 SCCO

● Associate Degree Attained ● Certificate/Diploma Attained ● Workforce Credential Attained
● Transferred Prior to Award ● Persisted



Source: Survey of Community College Outcomes (SCCO) 2024

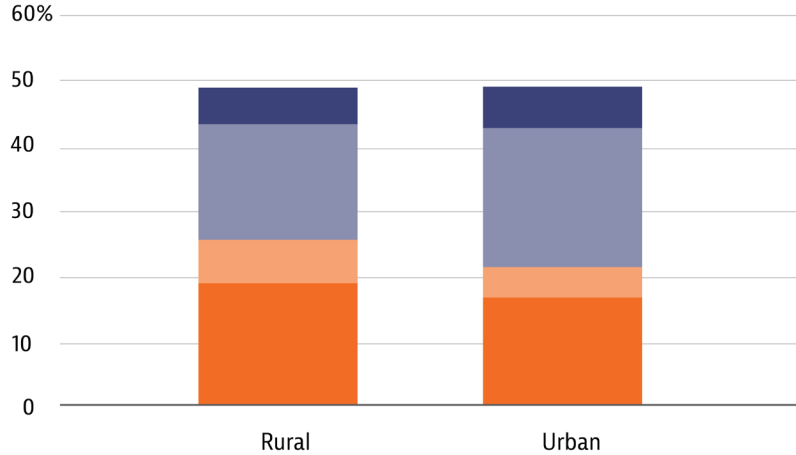
Our broader definition of success does not guarantee a higher success rate given that we consider a broader student population base. Nontraditional students tend to face greater barriers to success. In fact, part-time students have a lower success rate at 46% compared to 54% for full-time students.

So, how is the average success rate higher in our survey? It comes down to a flexible definition of success that allows for a wider range of positive outcomes. Consider the five surveyed states: Maryland, North Carolina, South Carolina, Virginia, and West Virginia (Figure 1). When we look only at the percentage of associate degrees attained, West Virginia has the highest success rate. Once other pathways to success are considered, especially transfers and persistence, the other four states not only match but actually surpass West Virginia.

/ FIGURE 2 /

RURAL VERSUS URBAN SUCCESS IN THE 2024 SCCO

● Associate Degree Attained ● Certificate/Diploma Attained ● Workforce Credential Attained
● Transferred Prior to Award ● Persisted



Source: Survey of Community College Outcomes (SCCO) 2024

The flexible nature of the success rate allows two community colleges to achieve similar success rates through different avenues. For example, urban and rural success rates both came in at 49% (Figure 2). But those success rates are reached via different pathways. In urban areas, where a higher percentage of jobs require a bachelor's degree or higher, community colleges see more students transferring prior to award or credential attainment. In more rural areas, where fewer jobs require higher-level degrees, students achieve more associate degrees.

▶ The flexible nature of the [SCCO] success rate allows two community colleges to achieve similar success rates through different avenues.

When we launched the SCCO, we never imagined the excitement and support it would generate both inside and outside of the Fifth District. We look forward to expanding the survey to new states outside of our district in 2025 and continuing to deepen our understanding of these crucial players in the workforce development pipeline.

A BROADER LESSON ON MEASURING OUTCOMES

Resources are finite. Stakeholders must be able to compare options and make informed decisions about how to distribute them. Outcomes data can provide that necessary information. As seen in this chapter, however, it's not just about measuring outcomes, but measuring the right ones.

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