

STAKEHOLDER BRIEF 4

Driving Regional Economic Development Through Higher Education

In 2021, the Project on Workforce launched the College-to-Jobs Initiative, a multi-year research effort designed to examine the connections between postsecondary education and the workforce. The initial phase of research culminated in the College-to-Jobs Playbook, a comprehensive review of the evidence and implementation of programs that connect students to meaningful careers. Through our research, we identified six themes that warranted further exploration. This brief explores the fourth theme: driving regional economic development through higher education. We convened expert discussion groups to dive into each theme and conducted additional research to produce briefs detailing actionable recommendations for three main stakeholder groups in the college-to-work ecosystem: educators, employers, and policymakers.

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The College-to-Jobs Playbook highlights the unique role that postsecondary institutions play in regional economic development. Colleges not only provide education and training to build the regional workforce, but they also conduct research that spurs innovation, employ large numbers of residents, and can collaborate with industry and government to address community needs, from healthcare to food systems. Unfortunately, in many communities, colleges and economic development stakeholders operate in silos, stifling strategic growth. This brief identifies key actions that policymakers, educators, and employers can take to align postsecondary education with regional economic development strategies, drive inclusive prosperity, and launch more students into good jobs.



Challenges to Aligning Higher Education and Regional Economic Development

Siloed systems and incentives.

Colleges and industry stakeholders tend to be siloed and disconnected. They also often have divergent priorities and incentives, which can prevent collaboration.

Funding constraints.

Funding is often fragmented across different organizations and agencies, which complicates strategic investments that create impact at scale.

Insufficient infrastructure.

Inadequate infrastructure such as transportation, childcare, housing, and internet¹ can prevent individuals from accessing education and economic opportunities and stifle regional growth.²

Inadequate data systems.

Most regions lack sufficient, connected data systems that provide insights into education and employment outcomes. This hinders effective decision-making, resource allocation, and targeted strategies that may address skill needs and employment trends.



Guiding Principles

Align incentives and initiatives across stakeholders.

Design and invest in initiatives that align education and training programs with local business needs and quality job opportunities, fostering closer ties between colleges, communities, and industry.

Appoint dedicated individuals to facilitate cross-stakeholder partnerships.

Effective regional economic development is a process influenced by multiple stakeholder perspectives. To manage diverse needs, dedicated point people or teams should be tasked with setting clear goals and strategies, and be responsible for liaising across stakeholders.

Commit to data-driven decision-making, knowledge sharing, and continuous feedback.

Data-based decision-making creates a shared language between stakeholders. It enables clear goal-setting and progress measurement, while facilitating stakeholder accountability to ensure that an initiative is successful.

Uplift community voices.

Community members possess an intimate understanding of the region's economic, social, and cultural dynamics. Incorporating local voices into regional economic development planning helps better align initiatives with community needs, while empowering residents and building trust among stakeholders.

Implement targeted programs that serve marginalized communities.

Efforts should be targeted at supporting communities that have been historically under-resourced; programs and policies should be designed to stimulate economic growth in these areas.



Recommendations

Policymakers

- 1 Create a state plan that unifies education, workforce, and economic development.**
Under the Workforce Innovation and Opportunity Act (WIOA), governors are granted authority to shape and implement a unified state strategy. State leaders should leverage this directive to present a unified education, workforce, and economic vision that outlines key outcomes and sets an agenda for better cross-sector collaboration, directing investments towards powering these priorities.³ Governors can also use executive orders to restructure state agencies or form cross-agency task forces to align goals, share data, and coordinate programs. Federal and state policy should also set shared language, another critical component to unifying education and workforce.

EXAMPLE

In Missouri, Governor Mike Parson signed Executive Order 19-03, which established a unified higher education-workforce agency to bridge siloes between the systems and remove redundancies.⁴ The Missouri Department of Higher Education and Workforce Development has expanded partnerships across stakeholders and enabled better coordination of wraparound services.⁵

Stimulate regional economic growth through committed investments in education and workforce development.

- 2 Invest in public colleges and universities.**
Over the past few decades, states have cut spending on public colleges and universities, despite their contributions to economic and community development.⁶ It is imperative for policymakers to recognize postsecondary systems as key to economic growth, and allocate more state funds towards public two- and four-year institutions. Policymakers should consider revising state funding criteria to consider both full-time and part-time enrollment, given that a significant portion of community college students pursue their education part-time. They should also experiment with funding non-degree credentials, with assurances that those credentials lead students to good-paying, in-demand careers.
- 3 Launch competitive grants that drive cross-sector partnerships.**
The government can spur local economic development by launching competitive grants that drive investments in regional education and business. For example, Build Back Better Regional Challenge (BBBRC) managed by the Department of Commerce catalyzed investments in critical industries by providing grants between \$25 million and \$65 million to 21 regions across the country. The grants encouraged cross-sector



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engagement, requiring that colleges, community-based organizations, local and state governments, and business intermediaries work together to design programs that grow new industries and scale existing ones, with a focus on uplifting traditionally underserved people and communities.⁷

EXAMPLE

The Detroit Regional Partnership, a recipient of the Build Back Better Regional Challenge, has reinvested in the auto and mobility tech industry. Funds are being used to develop education and training programs with local career centers and colleges in fields such as software development, electrical engineering, information security, and maintenance and repair.⁸ This strategic effort aims to revitalize the Detroit economy, which has experienced years of distress.

4 Incentivize businesses to develop paid internship and apprenticeship programs.

Internship and apprenticeship programs give students opportunities for hands-on learning, while enabling businesses to develop local talent pipelines. State and local governments can incentivize the establishment of internship and apprenticeship programs through grant funding and tax credits, targeted specifically at small- and medium-sized businesses that benefit from the financial boost. This can expand economic opportunities for students while promoting talent retention.

EXAMPLE

The City of Pittsburgh partnered with local universities, including Carnegie Mellon University, to launch the Pittsburgh Summer Internship Program (PSIP). PSIP offers students paid summer internships with local companies, allowing them to gain valuable work experience while contributing to the city's economy. Many students who participate in PSIP stay in Pittsburgh after graduating from college, strengthening the local workforce.⁹

5 Design financial aid programs that encourage students to skill for in-demand jobs that serve the public good.

State governments can offer financial incentives that encourage students to enroll in specific programs geared toward in-demand, public service fields, with the requirement that students remain in the state. For example, the Nevada Health Service Corps (NHSC) student loan repayment program provides grants for students to enroll in programs that lead to careers as health practitioners, as long as students agree to practice in a medically-underserved community in the state.¹⁰



6 Establish a “distressed-communities-serving” designation for regional public universities.¹¹

To stimulate economic activity in regions that have experienced distress, the federal government can provide grants to research institutions that support local job growth, infrastructure, and other forms of economic and community development. The Brookings Institution has proposed such a program, open to four-year public universities that are not currently “Research 1” (R1) universities (those that conduct the highest levels of research) or universities designated as land-grant institutions. This designation could help leverage more universities as anchor institutions for their communities.

7 Remove barriers to advancement by funding childcare, housing, transportation, and data infrastructure.

Inadequate infrastructure and poor access to wraparound supports create barriers to education, training, and economic growth.¹² Both federal and state legislation aimed at catalyzing economic growth must include funding for vital supports and services, such as childcare, housing, transportation, data, and energy.

8 Establish dedicated spaces for engaging communities.

Community voices should be actively heard, considered, and integrated into the planning and implementation of regional economic and workforce initiatives. State and local governments should consider establishing regular community forums to meaningfully engage diverse community groups, local businesses, and educational institutions in dialogue.



Higher Education Institutions

Design academic programming to align with—and drive—job growth.

1

Work closely with employers, industry associations, and unions to develop specialized programs that meet workforce needs.

Colleges can use inputs from partnerships with employers, industry associations, and unions to tailor their programs and curricula to meet the demands of local industries, equipping graduates with relevant skills for good jobs and addressing gaps in the labor market. Colleges can also design programs to help attract companies to the region that pay well and drive economic prosperity, in industries like tech and clean energy.

2

Integrate labor market data into the decision-making process.

Labor market insights can help postsecondary institutions align curricula with careers and perform long-term forecasting on emerging skills. Institutions should build designated teams that are responsible for the data collection, analysis, and inference, and help inform college-wide decisions.

Build institutional infrastructure that facilitates connections with the community.

3

Assign a specific team the responsibility of engaging with regional stakeholders.

Employers may be unsure how to collaborate with postsecondary institutions in their region, leading to missed opportunities for engagement. Colleges can address this challenge by establishing a dedicated department within the institution that is responsible for managing external relationships with the community. This department can serve as a central point of contact, facilitating communication and collaboration between the college, local employers, and economic development actors.

4

Participate in regional economic bodies to engage with local associations and businesses.

The leadership and faculty of higher education institutions should engage with regional economic bodies to strengthen ties between the institution and the region. College leaders and faculty might engage with chambers of commerce, join boards or committees of regional development agencies, local government economic development boards, or regional planning commissions. Participating in local economic bodies can facilitate collaboration and goal alignment around workforce development, research and innovation, and economic development strategies.



5

Develop non-credit programs aligned to workforce needs.

Colleges should explore creating non-credit programs that teach skills tailored to specific industries. Non-credit programs offer a flexible and accessible pathway for learners to acquire skills in-demand in regional industries¹³ and may appeal to a broader audience of learners who are not interested in or face barriers engaging in "formal credit-based education."¹⁴ Moreover, these programs enable experimentation with teaching methods and content delivery formats, which may not be feasible for credit-bearing courses.

6

Consider co-locating public workforce services with higher education career centers.

Under WIOA, states receive funding dedicated to providing career services for qualified individuals.¹⁵ Recognizing the alignment between the objectives of WIOA services and higher education career services, colleges may consider locating public workforce services within the institution, establishing a one-stop career center for services in the region.

EXAMPLE

Leaders at Ohlone College in Fremont, California—an institution that serves 17,000 students annually—recognized that many of their students qualify for WIOA funding. They underwent the process to become a federally-recognized WIOA One-Stop Career Center, and integrated those services into the college career center. Ohlone now offers services for the region, including career fairs, employer information sessions, mentoring, resume reviews, and job clubs, among others.¹⁶

7

Invest in innovation centers.

College infrastructure, including physical spaces that are open to the community, can create an ecosystem for entrepreneurship, innovation, and research. Colleges may establish Centers of Excellence tied to specific disciplines that enable them to develop and share resources and expertise with regional employers. They may also establish incubation centers, like the University of Central Florida's Business Incubation Program, which provides office space, coaching, and resources to budding entrepreneurs to drive economic growth in Central Florida.¹⁷



8 Set up technology transfer offices.

Technology transfer offices play a crucial role in facilitating the transfer of technology, knowledge, and intellectual property from colleges to the private sector. This process can revitalize local economies through innovation, startup creation, and research commercialization, while also connecting new graduates with available job opportunities.

EXAMPLE

Many campuses in the University of California system have technology transfer offices that actively work to commercialize university research and innovations.¹⁸ The initiative has effectively leveraged the intellectual capital of students, leading to the development of ideas addressing challenges like climate change. In 2022, these efforts resulted in the filing of over 2,000 U.S. patent applications based on UC inventions through technology transfer agreements.¹⁹



Employers

1 Join industry associations, corporate partnerships, and workforce boards that drive economic development through collaboration with colleges.

Regional partnerships that are focused on growth and innovation across sectors can be powerful levers for economic development, enabling businesses to develop strategic and unified approaches to connecting with education institutions. Partnerships should prioritize investing in institutions that may be under-resourced, such as historically black colleges and universities and minority serving institutions.

EXAMPLE

The Central Indiana Corporate Partnership (CICP) brings together executives of regional businesses in Indiana. Conexus Indiana, one of the initiatives under CICP, has collaborated with industry, academic, and public sector partners to connect residents with opportunities in manufacturing, including through internship programs and case competitions.²⁰

2 Build programmatic partnerships with colleges.

To build a reliable talent pipeline that meets business needs, employers should establish meaningful partnerships with colleges. Activities can include:

- A. Creating quality work-based learning opportunities for students.
- B. Forming technology transfers with regional colleges to drive innovation.
- C. Designing academic programs that lead to industry-recognized credentials
- D. Sharing labor market data with colleges.
- E. Establishing guaranteed interview programs for students who complete academic programs created by college-employer partnerships.
- F. Providing in-kind services, such as mentoring, resume support, equipment, and guest lectures.

Find additional information in [Stakeholder Brief #1: Strengthening College-Employer Partnerships](#).



Additional Resources

America's Hidden Economic Engines

This book spotlights community colleges as institutions uniquely equipped to spur economic development in regions across the country.

"How Research Universities are Evolving to Strengthen Regional Economies

This report uses cases from the Build Back Better Regional Challenge to highlight the role of universities in driving regional economic growth.

"The Community College Role in Economic Development: A Conceptual Model," Rutgers EERC

This paper discusses key components of community college education as it relates to economic development activities and outcomes.



Endnotes

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