Exploring the Economic Contributions of Community Colleges

Regional Economic Models, Inc.

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what does REMI say?[sm]

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what does REMI say?^{sm}

About Us

We are the nation's leader in dynamic local, state and national policy modeling.

From the start, REMI has sought to improve public policy through economic modeling software that informs policies impacting our day-to-day lives.

We were founded in 1980 on a transformative idea: government decision-makers should test the economic effects of their policies before they're implemented.

At REMI, we're inspired by a single goal: *improving public policies*.

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At REMI, we're inspired by a single goal: *improving public policies.*

Our models are built for any state, county, or combination of counties in the United States.

Our Representative Clients

Our model users and consulting clients use REMI software solutions
to perform rigorous economic analysis that critically influences policy.

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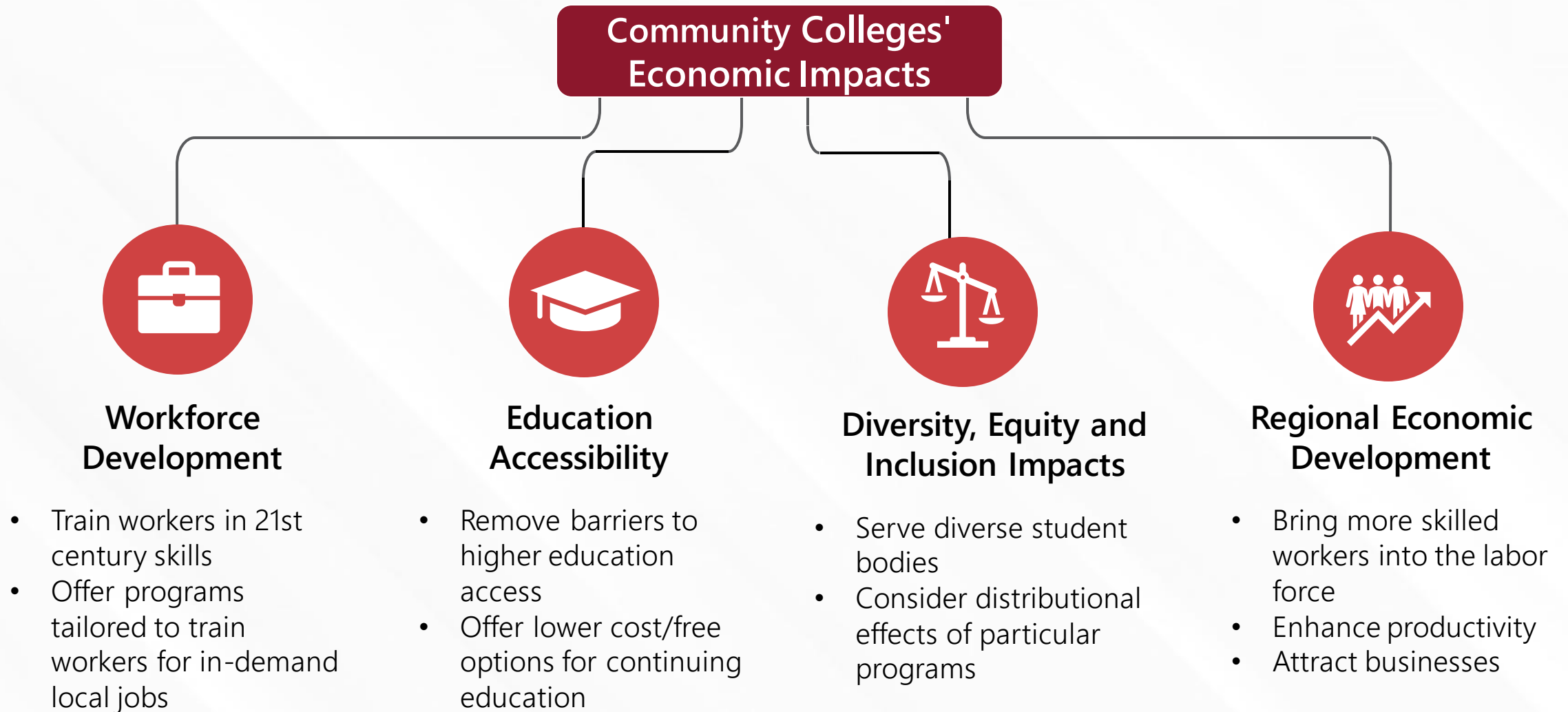Introduction

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Why do community colleges matter in a macroeconomic context?

Community Colleges' Economic Impacts

Workforce Development

- Train workers in 21st century skills
- Offer programs tailored to train workers for in-demand local jobs

Education Accessibility

- Remove barriers to higher education access
- Offer lower cost/free options for continuing education

Diversity, Equity and Inclusion Impacts

- Serve diverse student bodies
- Consider distributional effects of particular programs

Regional Economic Development

- Bring more skilled workers into the labor force
- Enhance productivity
- Attract businesses

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Current Issues & Proposed American Families Plan

Enrollment

- Declining over past decade
- Decreasing recently due to covid's disparate impacts on lower income and underrepresented minority groups
- Fell by 9.5% in 2021

Funding

- Biden's American Families Plan includes $109 billion to fund two free years of community college
- Also includes $62 billion for grants targeting completion and retention activities, particularly at community colleges

Allocation

- For community colleges, the budget includes a 3% pay raise for personnel, $76 million for budget stabilization, and $5.2 million to fund high-cost workforce programs
- Community colleges would be funded at $1.26 billion in 2021-22 and $1.32 billion in 2022-23

A policy priority at the federal level under the current administration

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Community College Funding Differences - States

REMI

Alabama

- The appropriation for **community colleges** for the upcoming fiscal year is $468.7 million.
  - $362.5 million for operations
  - $2 million for prison education programs
  - $10 million for short-term certification/credential programs
  - $3 million for dual enrollment programs.

Nebraska

- The Local Effort Rate (LER) or local tax levy will change depending on the amount of money appropriated by the Legislature. Needs minus Resources equals state aid.
  - The needs of the community colleges are based on the most recent years expenditures plus 3% automatic growth
  - Any additional growth as experienced by the colleges in growth of the previous three years average growth.

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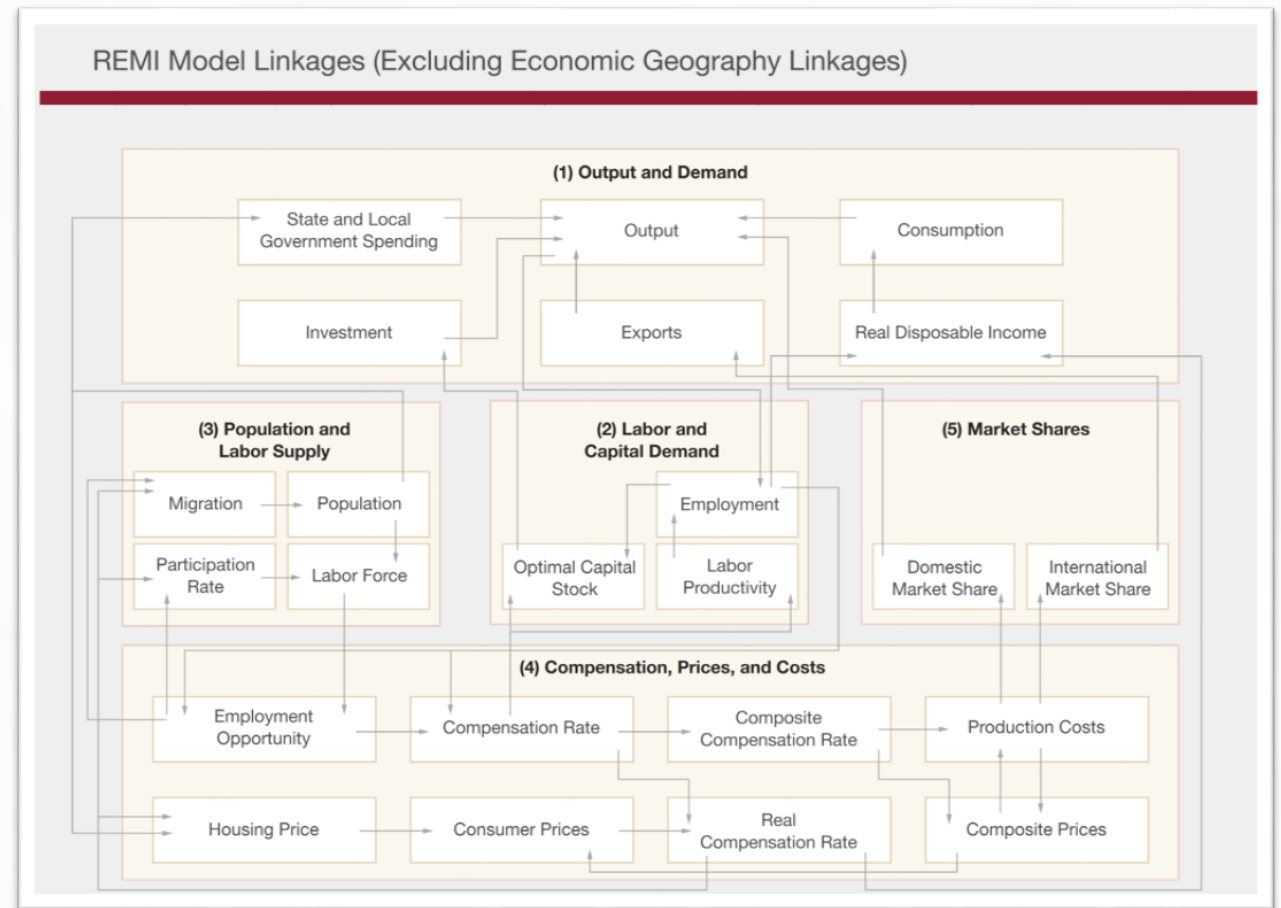
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Model Simulation: REMI PI⁺

PI⁺ is the premier software solution for conducting dynamic macroeconomic impact analysis of public policy.

As our flagship model, PI⁺ specializes in generating realistic year-by-year estimates of the total local, state, and national effects of any specific policy initiative.

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Model Simulation: Variables and Levers

REMI

College Pop.

Time Period: 2021 – 2030
- Increase by 2% to display an increase in access for new groups to education training
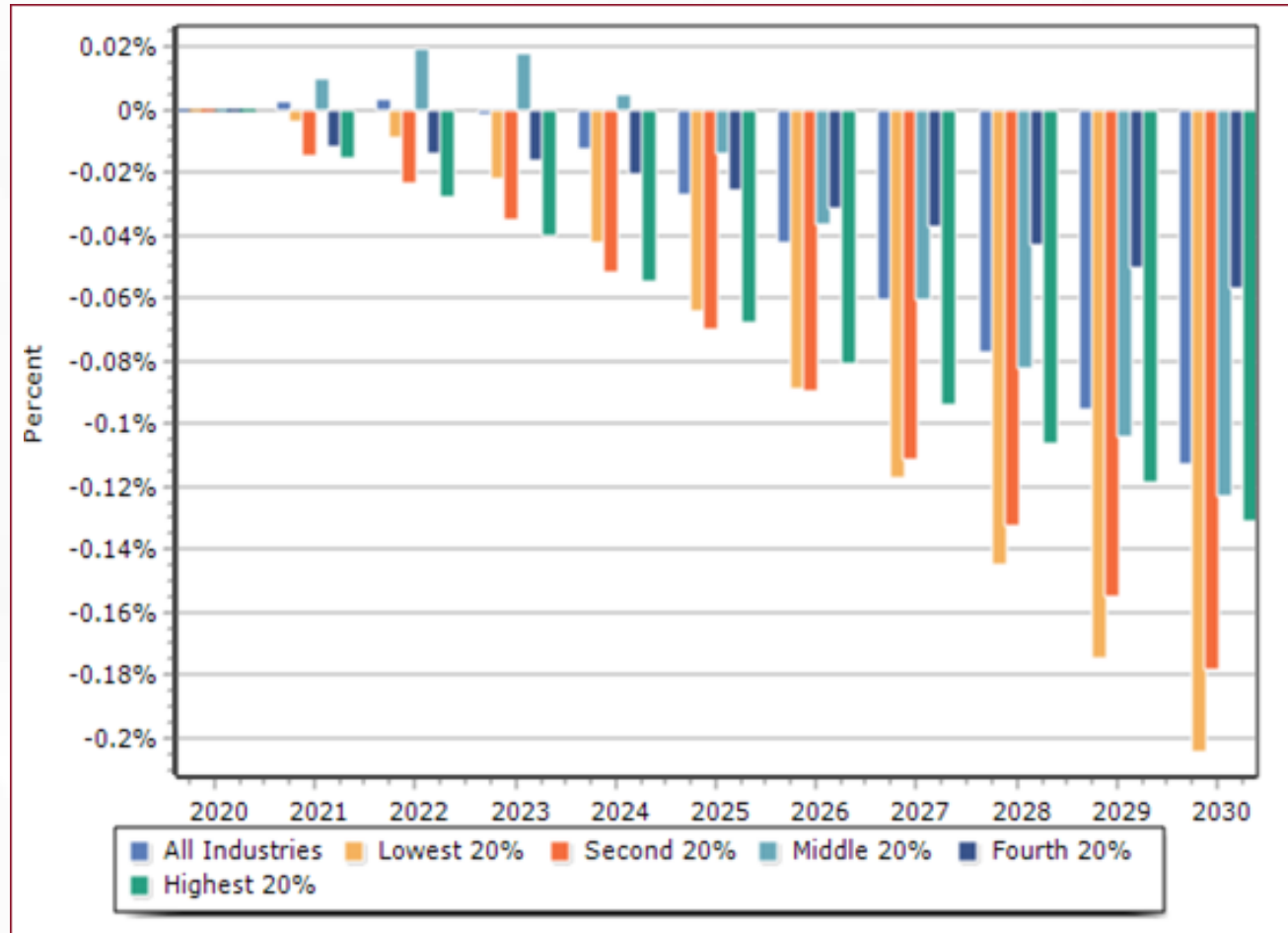
State and Local Gov. Spending
- Increase by 3% to accommodate for tuition expenses and new proportion of pop. Having access to education

Labor Productivity
- Increase by 0.05% to show incremental increases in labor productivity through increased education

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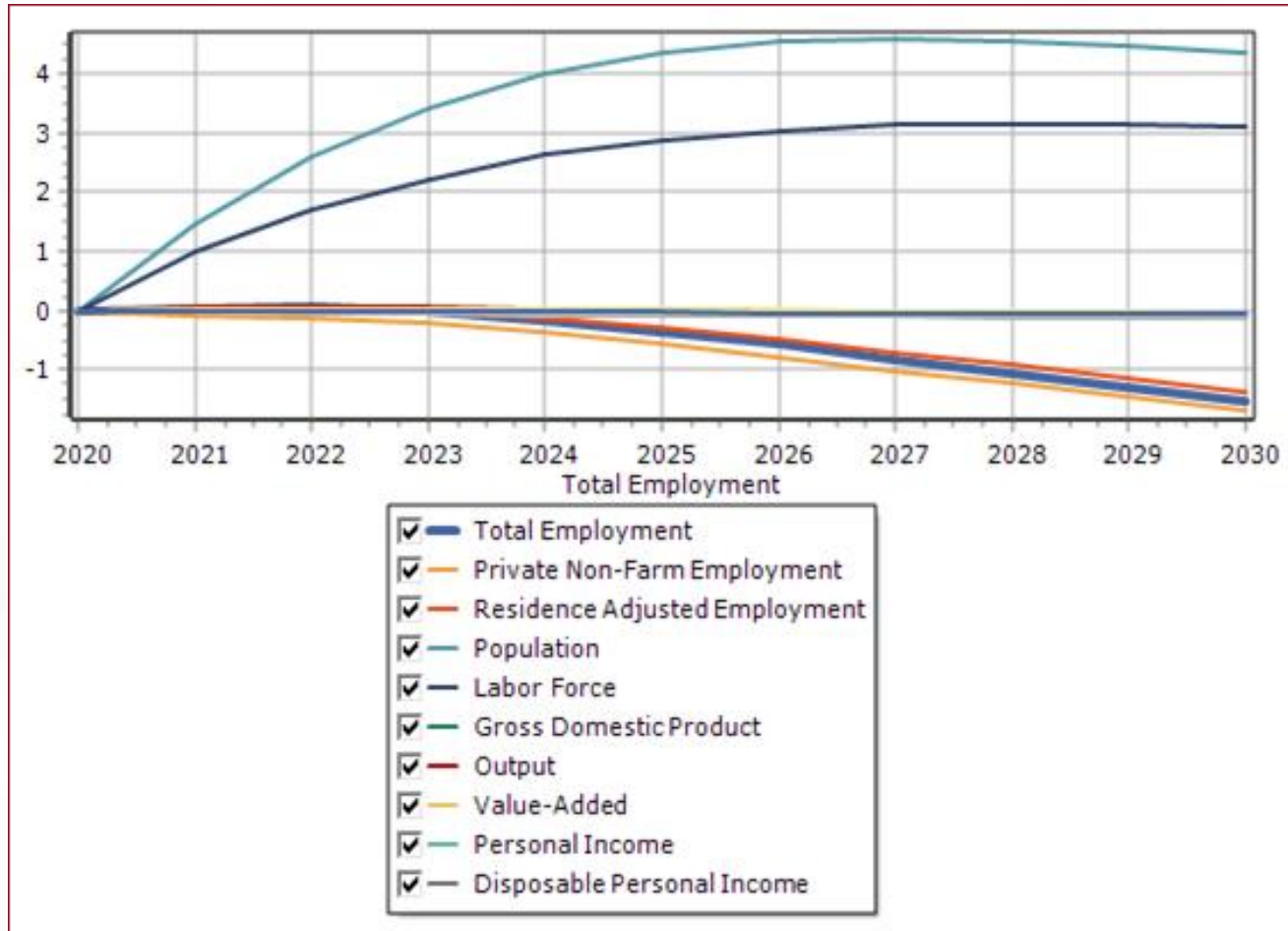
Notable Results: Nebraska

REMI

Nebraska's Employment by Industry Quintile: 2021 - 2030

- The influx of federal funding for education only benefited occupations of industries associated with a **middle to upper middle - class income** until 2026.

- Industries within the middle 20% and fourth 20% had a noticeable **positive** difference.

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Notable Results: Nebraska

Nebraska's Economic Summary: 2021 - 2030

Legend:
- Total Employment
- Private Non-Farm Employment
- Residence Adjusted Employment
- Population
- Labor Force
- Gross Domestic Product
- Output
- Value-Added
- Personal Income
- Disposable Personal Income

- Immediate increases in population and Labor force Participation.

- Employment and Output decreased steadily.

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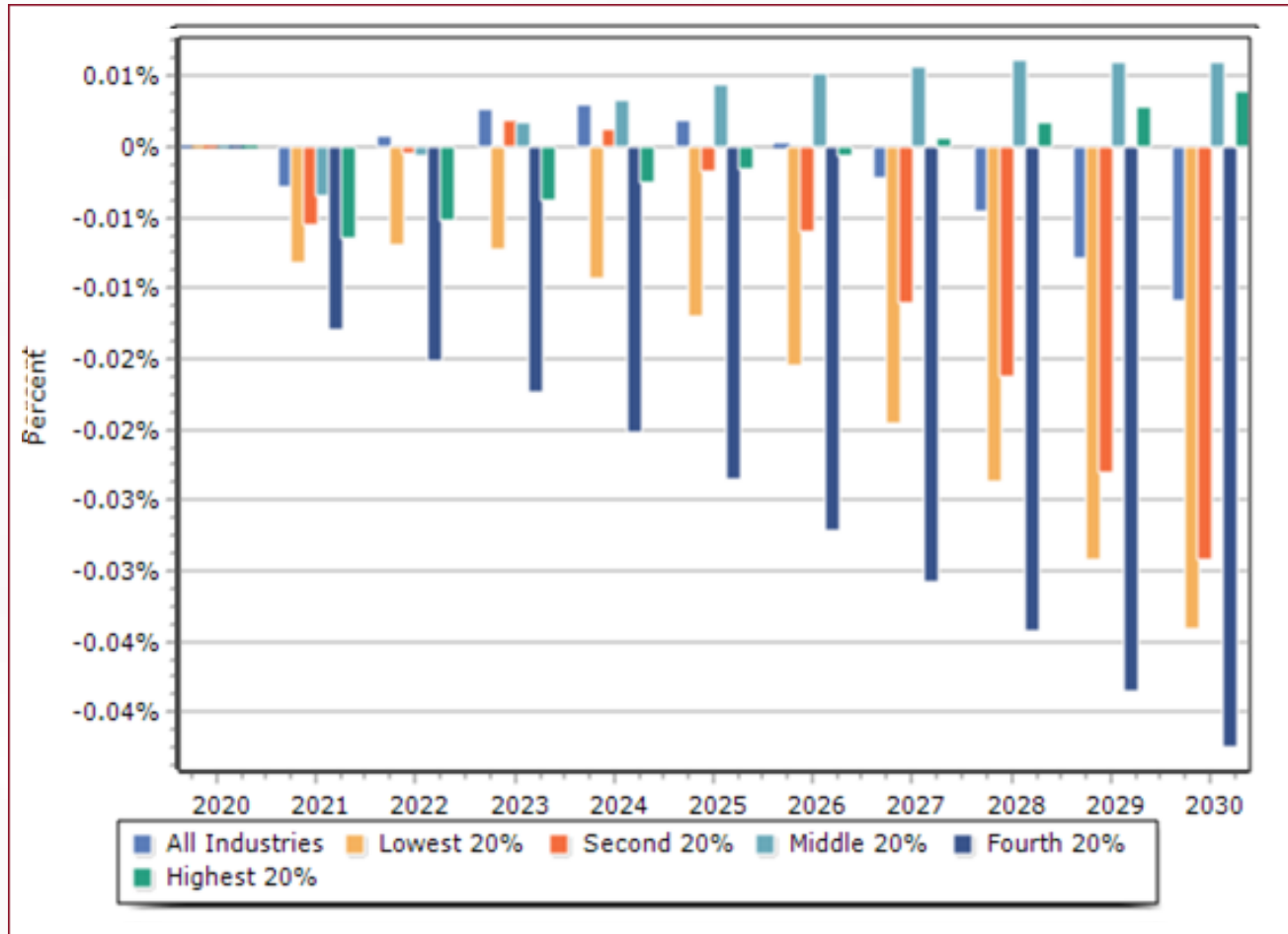# Notable Results: Alabama

REMI

Alabama's Economic Summary : 2021 - 2030
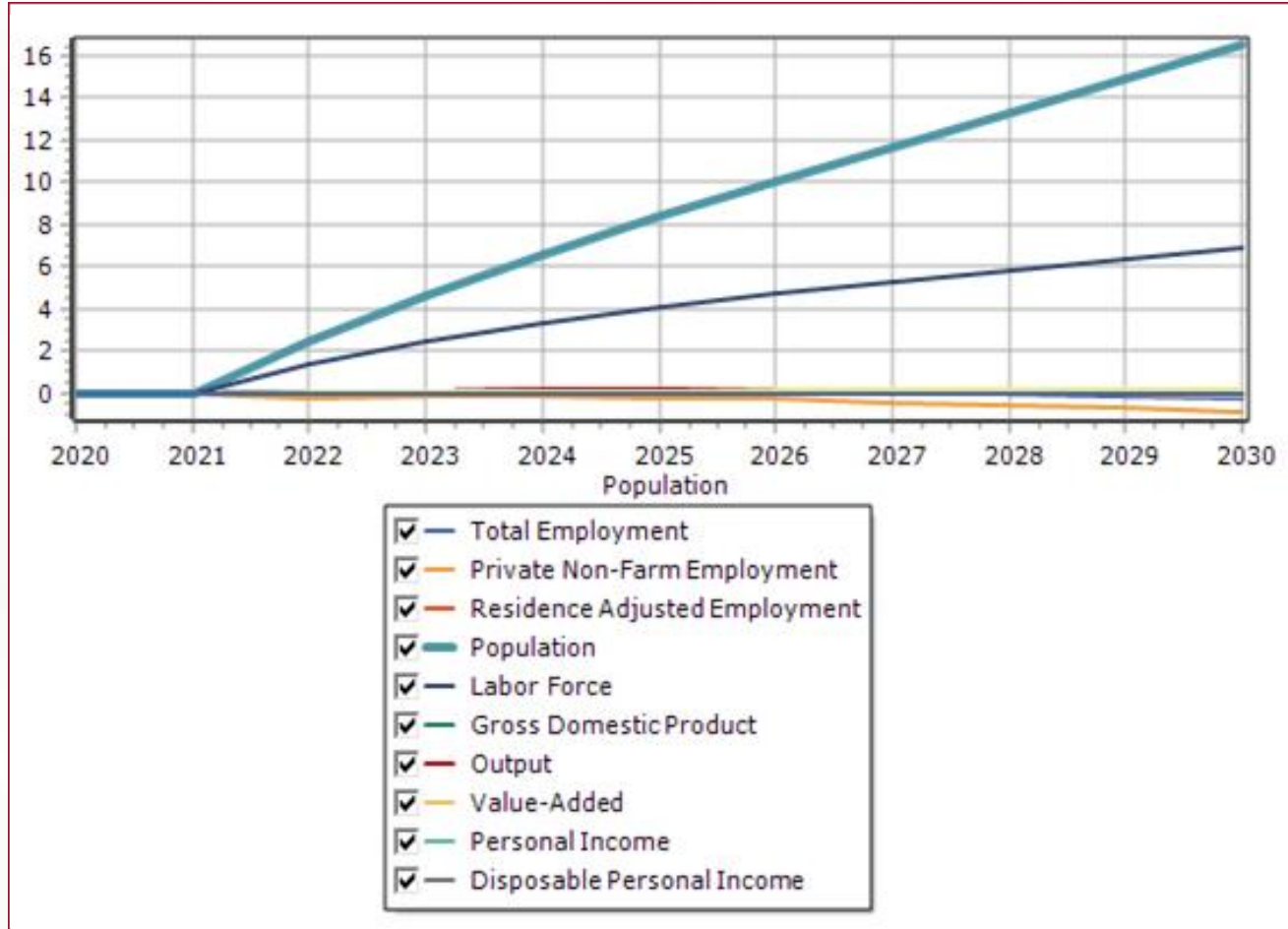
- Significant increases in population and labor force.

- Black-NonHispanic and Other-NonHispanic groups' employment increases the most.

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Notable Results: Alabama

Alabama's Employment by Industry Quintile: 2021 - 2030

- From 2021-2030, industries in the lowest 20% and fourth 20% suffered the most.

- The middle 20% and highest 20% of industry income quintiles gained the most.

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Conclusions and Notable Results

REMI

Employment

- Nebraska's total employment increased positively until 2023, then began to trend downward in 2024.

- Alabama's unemployment increased until 2027, then began to downturn in 2028.

Conclusion

- Investment spending to create a ripe business environment is needed to bolster the effects of the American Families Plan.

- Positive overall increases, yet unsustainable due to availability of employment opportunities for new population.

Output and Demand

- In Nebraska, domestic exports trended upward continuously. Self-supply had the greatest downturn beginning in 2024.

- Output, domestic supply, self-supply, domestic/national exports in Alabama consistently trended upward until 2028.

Educational Attainment

- Alabama's workforce with associate degrees increased from 8.3% in 2022 to 14% in 2030.

- Nebraska's Associate degrees increased from 6.2% in 2022 to 11% in 2029.

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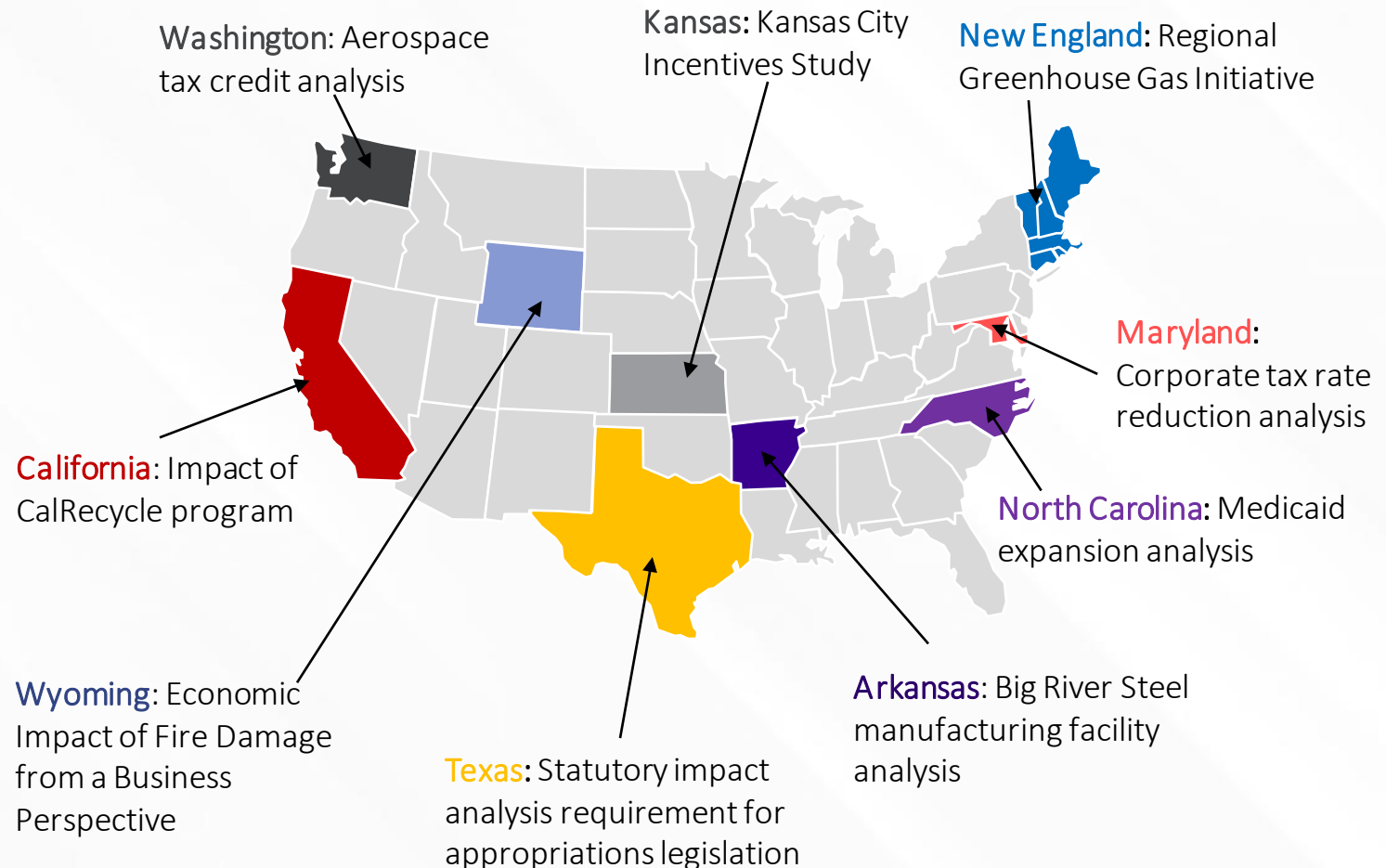# The REMI Model: Our Approach & Applications

Our Approach

You need a *software solution* that can clarify, calculate and communicate a *quantitative narrative* to policy makers and the general public about policies for your economy.

Rigorous Economic Analysis

- Since 1980
- Peer reviewed
- Multiple reputable data sources
- Publicly available equations

Guide Policy-making Process

- Formalize your decision-making process
- Get policy right
- Pass/Block legislation
- Modernize and advance your agency

Washington: Aerospace tax credit analysis

Kansas: Kansas City Incentives Study

New England: Regional Greenhouse Gas Initiative

Maryland: Corporate tax rate reduction analysis

California: Impact of CalRecycle program

North Carolina: Medicaid expansion analysis

Wyoming: Economic Impact of Fire Damage from a Business Perspective

Arkansas: Big River Steel manufacturing facility analysis

Texas: Statutory impact analysis requirement for appropriations legislation

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Economic Modeling: Why does it matter?

REMI

Clarify

- Understand economic, fiscal and demographic implications of policies before implementation
- Ensure that public policy serves the broad-based interests of the public

Predict

- Make predictions about the effects of policies before implementation
- Avoid unwanted negative impacts
- Make effective use of resources

Inform

- Inform policy with standard metrics rather than ideology or intention
- Address stakeholders with evidence that communicates how policy benefits or disadvantages their communities broadly

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Thank you for attending!

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