

ECONOMIC DIVERSIFICATION

HOW COMMUNITY COLLEGES SUPPORT COMMUNITY INITIATIVES

BY THE INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL
& THE AMERICAN ASSOCIATION OF COMMUNITY COLLEGES



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INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL (IEDC)

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This paper is part of a larger scope of work delivered by IEDC through the POWER Initiative. The purpose of this work is to provide capacity-building services in areas of Alabama, Kentucky and Tennessee that have been affected by changes in the coal industry.



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EXECUTIVE SUMMARY

Community colleges are, by design, reflective of the communities and regions they serve. Despite similarities, community colleges are each unique, and comparisons by common standards are challenging. It is therefore unsurprising that external-facing economic development activities are largely local or regional in nature and reflect local needs. College engagement may be seen in technical assistance, individual support and counseling for businesses, and various incubation efforts, and may also be seen in more formal engagement in the economic development process.

In research for this paper and in a previous workforce and economic development targeted survey, all of the colleges referenced either formal or informal partnerships that guide and strengthen their efforts, both with industry and employers as well as with other service providers, funders, and government entities. There were no responses that suggest an institution is “going it alone.” Significant in our view is that the scope, scale and number of partnerships identified does not seem to correlate to the size of the institution. Robust and extensive partnerships exist at institutions large and small. While there is not one ideal model for every college, in general we believe that successful models must include many and varied stakeholders.

We believe that community colleges function best in the economic development sphere when they are able to work with public and private partners. Government engagement in the efforts of colleges to support small businesses ranges from full partnership at the local, regional, or state level, to, at the simplest level, promotion and communication. Some college partnerships receive monetary support to either the service providers or business owners; others receive non-monetary but no less significant supports. At whatever level is locally appropriate, government should be engaged and collaborative opportunities explored on an ongoing basis.

No two colleges conduct activities, provide resources, and develop partnerships in exactly the same way. To the extent that respondents’ answers illuminated trends, we note one important point: All respondents either stated or intimated that their efforts are growing or that they seek to grow them. No college reported a desire to be less involved in economic development. In short, the economic development mission of community colleges may vary in design and implementation, but not in recognition of the imperative to pursue it.

INTRODUCTION AND METHODOLOGY

This paper is the second in a series of three papers prepared by the American Association of Community Colleges for the International Economic Development Council. These papers support and inform the work being conducted by IEDC as part of an award from the U.S. Economic Development Administration's Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative. IEDC's work under this grant is designed to build capacity for economic development in communities in Alabama, Kentucky, and Tennessee that have been affected by changes in the coal industry. The focus of these white papers is on the community college role in strengthening and diversifying local economies in collaboration with economic development organizations and other partner entities and stakeholders.

The first paper in this series focused on the role of community colleges in preparing the workforce for economic diversification, looking at the topics of soft skills development, workforce development, entrepreneurship, and leadership development.

This paper focuses on the role of community colleges in initiatives specifically designed to diversify the local economy.

Topics explored include entrepreneurship and small business development; supporting the growth of new industries; tourism; downtown revitalization; asset mapping; and economic development training. Stakeholders in the POWER region identified these topics as priorities during interviews for a needs assessment in the first phase of this project.

To complete the research, AACC identified regions within and outside of Appalachia in which efforts to strengthen and diversify local economies have occurred or are occurring to identify promising practices, resources, and materials that can inform efforts in the POWER-served region. The regions are identified as those in which a significant economic downturn – with concomitant job losses – has occurred and where applicable, some portion of the economy is or was dependent on value-added natural resources. Specific regions targeted included northern New England (timber and paper products), North Carolina (textiles and furniture), the Pacific Northwest (timber), the rural upper Midwest (manufacturing), and Appalachia (coal). AACC conducted both online and relevant literature research, and conducted interviews with community college personnel in order to address key questions.

FINDINGS

Economic Diversification Strategies

In communities where single industries have dominated the economic wellbeing (coal in Appalachia, timber in the northwest and northeast, large manufacturers in the midwest), there is a growing recognition of the value of economic diversification. In communities where a single industry or employer has been responsible for much of the employment and tax base, the consequences of an industry downturn or employer departure have been damaging, if not catastrophic.

As communities rebuild, many are eschewing the strategy of seeking a single large employer and looking instead at diversifying the employment and tax base. In economies that are natural resource-based, diversification of the resource usage by developing value-added manufacturing is a common approach.

Community colleges alone cannot implement economic diversification strategies; however, they can act as effective partners with other entities to ensure a coordinated effort, particularly in the preparation of the workforce and in the development of business skills among the population. While EDOs typically are responsible for the identification and recruitment of new employers, community colleges can and should be effective partners in these efforts. At a minimum, they can address questions of talent availability and workforce development capacity for needed skills, and at a more robust level, be active participants in the efforts.

Entrepreneurship and small business development

The significance of the role community colleges play in small business development cannot be emphasized enough. Colleges offer business incubation (including specialty incubation, e.g., kitchen incubators),¹ business support services, market development and marketing, rapid prototyping, and a host of activities

intended to grow the business landscape.

Particularly in rural communities, support for hobbyists through the transition to business owner-operators can be productive (albeit not at the scale of recruiting established retail businesses). Despite the inherent risk of starting up a small business, the owners tend to have local ties and roots that support business retention, and patience in development. This does require that EDOs, community colleges, and CDFIs work with local banks and other funders to ensure that “patient capital” is available. These small business owners typically do not follow the model of business development that includes an immediate exit strategy in order to move on to the next opportunity.

There are many other ways that community colleges support small business development. With the support of the Charles Stewart Mott Foundation, AACC worked with colleges in 11 states² the National Association for Community College Entrepreneurship (NACCE), and the U.S. Small Business Administration to create and convene a Virtual Incubation Network (VIN) of colleges offering business incubation outside of a traditional incubator. The VIN offers a flexible delivery system of in-person and technology-based support to existing small businesses and aspiring business owners.³

One of the key deliverables of this work was a⁴ toolkit that was nationally disseminated and is available for use by anyone. EDOs and community colleges may also wish to look at existing brick and mortar or virtual efforts already in place. In Appalachia, the work of Eastern West Virginia Community and Technical College is notable for significant success in a small, rural community⁵, and NACCE is actively working in Appalachia with community colleges seeking to deliver entrepreneurship education.

As well, community colleges are more frequently developing formal relationships with Small Business Development Centers (SBDCs) that in some cases include co-location. These relationships may include the establishment of a brick-and-mortar business incubator or a virtual incubator. Rural communities face challenges in this, as the funding for SBDCs is often limited outside of metropolitan centers. The

opportunity to collaborate, and potentially explore multiple funding opportunities can put all partners in a better position to aggregate limited resources.

Supporting the growth of new industries



Asheville, North Carolina, has in recent years found itself repeatedly at or near the top of various national rankings related to beer brewing, beer quality, and beer “friendliness.” The city plays host to several beer festivals, and the Asheville Brewers Alliance boasts a membership of 57 breweries.⁶ The North Carolina Craft Brewers Guild reports that the number of craft breweries has tripled in the state since 2010 and that the industry provides an annual economic impact of \$1.2 billion.⁷ Asheville Buncombe Technical Community College recognized this as an opportunity for the college and for the region and put in place a set of workforce initiatives that would respond to the opportunity. In June 2013, the Craft Beverage Institute of the Southeast at Asheville Buncombe Technical Community College began accepting registrations for a two-year degree in brewing.⁸

Today, the institute provides academic and non-credit coursework in brewing, distilling, fermentation and the business skills necessary to work in the industry, including an Associate in Applied Science in Brewing, Distillation and Fermentation. The program is limited in admissions due to classroom and laboratory space, and students must meet a number of criteria in order to be considered for admission. In addition to the degree, the college offers a Brewing Methods and Operations Diploma, a Distillation Methods and Operations Diploma, and a Craft Beverage Lab Certificate, in addition to assorted workforce development and continuing

education programs within the discipline (e.g., toward brewery and distillery operations and management, distribution, sales and marketing, customer service, and self-employment.⁹ As with the culinary program at the college, the Institute has a national reputation for excellence and is the envy of many colleges.

One further example of how economic diversification can be supported by community colleges comes from White Mountains Community College. It is based on a model created in West Virginia by New River Community and Technical College, which provided initial support to its New Hampshire counterparts. The college recognized early on that the development of a federal prison in New Hampshire provided not only significant employment opportunities, but also provided significant opportunities for local small businesses to become vendors to the prison.

The approach was to develop the Northern New Hampshire Talent Team.¹⁰ The Talent Team began by bringing all of the potential service providers, political representatives, state and local agencies, representatives from the Bureau of Prisons, and other organizations into one room. Together, they aimed to coordinate efforts, streamline messaging, and aggregate resources to ensure that qualified local job applicants would be maximally prepared for the arduous application process, and that every interested local business would get the support it needed to become eligible to do business with the federal government.

Though the work benefitted from small initial seed funding (\$10,000), the bulk of it was completed without any need for additional funding (each entity used its own existing funding). To entice organizations to participate, and to encourage public support, every invited participant was promised that no meetings would be held unless there was a specific reason to do so, with an agenda provided ahead of time. Furthermore, all meetings were held publicly and press coverage was encouraged. Close coordination with the Procurement Technical Assistance Program and with Business Services North¹¹ (a small business assistance group) ensured that timely and thorough business support occurred.

Tourism

The role of community colleges in tourism historically has focused on workforce development.

Culinary and hospitality programs are relatively common, especially in communities where tourism plays a major role in the economy. Less common are programs focused on careers in outdoor recreation, although they are becoming more common as community colleges become more directly engaged in tourism.¹²

In New Hampshire, White Mountains Community College was a partner with a number of community-based organizations and the state in the creation of a tourism development and marketing initiative called NHGrand.¹³ This regional effort brought together five local chambers of commerce and other partners, under the leadership of the local community development financial institution, to forge a common local identity that would limit competition and encourage common branding, including signage and informational kiosks.

In some cases, community colleges may be operators of tourism-related ventures. Gogebic Community College in Ironwood, Michigan, owns and operates the Mt. Zion Recreation Complex, a ski resort that is open to the public and serves as a teaching laboratory for the prestigious Ski Area Management Program at the college. The Ski Area Management Program, a comprehensive training program for careers in the snow sport industry, combines technical and academic study with a practical internship, using the Mt. Zion Recreation Complex as a training facility.¹⁴

Other colleges may own and operate restaurants in support of culinary programs (sometimes located off campus, in downtown areas), or in the case of Kirkwood Community College in Cedar Rapids, Iowa, a AAA 4-Diamond hotel and restaurant.¹⁵ The hotel serves as a teaching lab for both hospitality and culinary students. Courses are offered using



a nontraditional schedule that allows students to spend more time on site, while at the same time experiencing the time demands of industry careers.

In eastern Kentucky, Southeast Kentucky Community and Technical College operates the Benham School House Inn, the Kentucky Coal Mining Museum, and the Portal 31 Mine Tour. The college owns the museum and Portal 31 attractions, while Harlan County is owner of the inn with its operation delegated to the school.¹⁶

Downtown Revitalization

As noted earlier, community colleges may place an outward-facing satellite operation in a downtown area. This may be a restaurant operated by the college's culinary program,¹⁷ a satellite campus,¹⁸ an art gallery, or in the case of Eastern Iowa Community Colleges, administrative offices.¹⁹ The presence of these downtown activities helps drive foot traffic to areas in need of it, which in turn can serve as a magnet for new development or redevelopment. In Suffolk, Virginia, efforts have been made to situate a campus downtown,²⁰ with revitalization expected to result. In northeast Pennsylvania, similar efforts are underway with both four-year and community colleges.

It is important to note that downtown revitalization is not an activity that a college can or should pursue alone. Downtown revitalization requires business owners, aspiring business owners, economic developers, political leaders and other to work in harmony, if not in formal partnership. No college has the means or the resources to undertake the varied activities that are key components of downtown revitalization. The value of a community college in these efforts – above and beyond an actual downtown presence, which can draw foot traffic and shoppers – is as a neutral convener of interested parties.

The New Biz Launchpad, in Wardensville, West Virginia, is an example of how a college, through a thoughtful focus on entrepreneurship, can impact downtown revitalization.²¹ The Launchpad is a project of Eastern West Virginia Community and Technical College, under the umbrella of the

Institute for Rural Entrepreneurship and Economic Development (IREED). It is intended to support entrepreneurial opportunities and develop new businesses in rural West Virginia.

By placing the Launchpad in the heart of the downtown, rather than on campus, the college made a strategic decision both to commit a college presence to the downtown and to meet entrepreneurs where they are. The choice of Wardensville was strategic: the town sits adjacent to the West Virginia/Virginia border and is the first community reached when travelers from the greater Washington, D.C., metropolitan area enter the Potomac Highlands of West Virginia. Nascent revitalization efforts were already in place in Wardensville, with several new businesses opened.

The New Biz Launchpad includes retail space. In 2016, the college started Skybrook LLC, a student-run store that provides local students hands-on learning in entrepreneurship, and where students can learn the mechanics of starting and running a business. The Launchpad also provides mentoring and co-working areas for eight to 12 startups, and meeting and conference room spaces for training, lectures and other purposes.²² The meeting space reinforces the partnership aspect of downtown revitalization, by providing space for local SBDC counselors to meet with clients. The Launchpad has extended its reach through an ag-innovation project that works with farmers, growers, schools and companies to explore economic diversification opportunities for farmers beyond raising livestock or growing crops.²³

In all cases, colleges must balance the need for sound fiscal decision-making with the opportunity to contribute in a meaningful way to the preservation and restoration of downtown areas. These efforts, more often than not, come about as a result of service expansion or new program development with a concurrent need for space. Rarer are the cases like that of Eastern Iowa Community College, in which the college is redeveloping existing downtown space while vacating its current downtown location.²⁴

Asset Mapping



Colleges wishing to pursue external asset mapping (for example, vacant building inventories, underutilized industrial space, and transportation infrastructure as site selection criteria) can pursue such tasks using either existing staff or as part of a course project within a business or GIS class. For asset mapping to be useful to community partners, consideration must be given to the goals of the process and how the results will be used. Economic developers and other community-based organizations need to be able to access the asset maps in order for them to ultimately be of benefit.

Community colleges offer a great range of assets to a community that may not be fully recognized by the community at large, or even by the college itself. The National Association for Community College Entrepreneurship (NACCE) addresses this issue in the Presidents for Entrepreneurship Pledge, intended as a means of mobilizing college presidents and college personnel alike. The pledge includes a commitment to five action steps. Step four calls for colleges to “Leverage Both Community College and Community Assets to Spur Innovation and Job Creation.”²⁵

The goal is to identify assets or “access points” the college has that could “positively impact the rate of entrepreneurship in its community... [e.g.] in terms

of people (intellectual capital, human capital, skills, expertise, networks, designers, notary, architects), place (space, accelerator, incubator, meet-ups), and things (facilities, equipment, labs). Besides the community college's own assets, there may be assets in the greater community that can be leveraged," according to NACCE.²⁶ Over 200 college presidents have signed this pledge on behalf of their institutions, including six in Tennessee, three in Kentucky, and two in Alabama.²⁷

Economic Development Training

We found no colleges that were offering formal training or education in economic development, whether for economic development professionals or for volunteer community leaders and partners. We believe that this represents an untapped opportunity for community colleges and local economic development organizations alike.

In metropolitan areas, there is an opportunity for delivery of this training using conventional means because demand is higher. In more rural communities, the number of individuals seeking formal training and certification is likely to be lower, and single entities may struggle to build cohorts of sufficient size. Colleges and EDOs could explore partnership with another entity on the delivery of trainings or courses in order to reach a critical mass that would make rural delivery of the content cost-effective.

We believe that the entire community has a role to play in economic development, from the hospitality and retail community welcoming visitors to the development of and support for new local businesses. Our interviews with colleges support this position. Accordingly, there is an opportunity for community colleges and EDOs (and similar partners, such as chambers of commerce) to partner on the delivery of public service messaging or informal workshops stressing that the entire community has a role to play in supporting local businesses, downtown development efforts, and economic development more broadly.

Endnotes

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²Burlington County College (NJ), Indian River State College (FL), Lorain County Community College (OH), Long Beach City College (CA), Mott Community College (MI), North Iowa Area Community College (IA), Northeast Wisconsin Technical College (WI), Rio Salado College (AZ), Santa Fe Community College (NM), Southeast Community College (NE), White Mountains Community College (NH)

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²⁵<http://www.nacce.com/?page=commitmentsexplained>

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