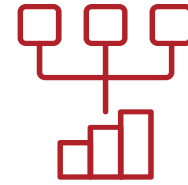# Programmatic Alignment to Labor Market Demand

In today's economy, community colleges must be able to nimbly create, expand, or wind down programs based on regional labor market trends. To increase alignment between their programs and employers' changing demands for specific skills, community colleges should base their strategic decisions on traditional and real-time labor market information coupled with input from employers.

JFF recommends that states set clear expectations for colleges to use regional labor market information and employer input to align their programs to workforce needs. Policymakers should support the colleges' efforts in that regard by creating accountability measures and funding frameworks that recognize that efforts to respond to employer needs may take different forms in different regions of the state, and may differ depending on how high or low the unemployment rate is. We recommend that states require colleges to assess labor market demand before establishing both new degree programs and short-term credential programs. States should also require colleges to routinely review programs to ensure that they are still relevant. And finally, states should offer incentives that encourage colleges to develop or expand programs that meet critical workforce needs.

Findings from 15-State Study

On average, three of the four recommended program alignment policies have been adopted per state.

Signs of progress: All of the states require community colleges to use labor market information and seek employer input to assess the demand for and relevance of proposed new programs. A large majority of them also expect colleges to do the same when proposing short-term credential programs.
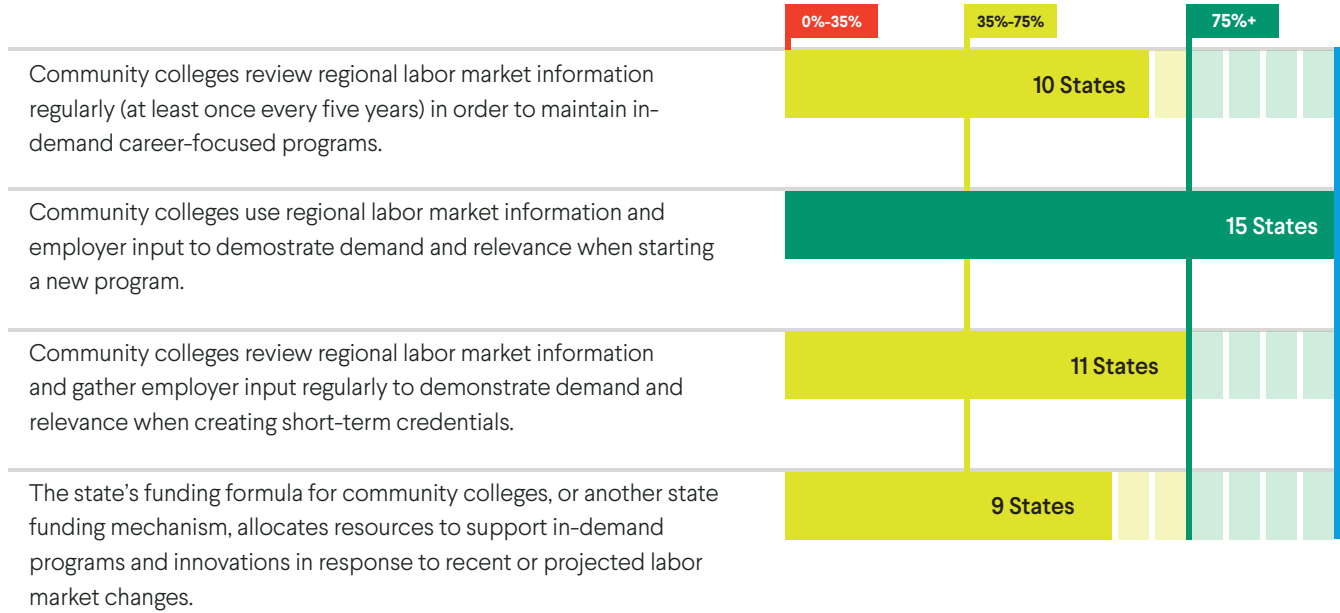
Critical gaps: It is not as common for states to expect community colleges to review labor market information regularly to maintain existing career-focused programs. Even fewer states dedicate resources specifically to support in-demand programs and innovations developed in response to labor market changes.

Ahead of the curve: Arkansas, California, Florida, Michigan, North Carolina, Oregon, Texas, Virginia, Washington, and Wisconsin.

The state sets expectations for community colleges to use regional labor market information and employer input to align their programs to workforce needs.

	0%-35%	35%-75%	75%+
Community colleges review regional labor market information regularly (at least once every five years) in order to maintain in-demand career-focused programs.		10 States	
Community colleges use regional labor market information and employer input to demostrate demand and relevance when starting a new program.			15 States
Community colleges review regional labor market information and gather employer input regularly to demonstrate demand and relevance when creating short-term credentials.		11 States	
The state's funding formula for community colleges, or another state funding mechanism, allocates resources to support in-demand programs and innovations in response to recent or projected labor market changes.		9 States	

State Spotlight: **Virginia**

In its Complete 2021 strategic plan, the Virginia Community College System committed to focusing on credentials closely aligned with regional workforce needs. To ensure that resources were available to support that goal, the legislature funded the New Economy Workforce Credential Grant Program, which provided pay-for-performance funding for community colleges to create short-term programs aligned with high-demand fields, as determined by the Virginia Board for Workforce Development. Institutions receive funding tied to the number of students who complete the programs and go on to earn industry credentials. Students are also paid for performance—they only pay one-third of the cost of their program if they complete the training. Now rebranded as the Fast Forward program, with additional funding leveraged by the original Workforce Credential Grant, the initiative has resulted in Virginians attaining more than 16,000 in-demand credentials since it began. The legislature has responded positively, adding an additional $4 million to the biennial budget, bringing the Fiscal Year 2020 total to $13.5 million.