

# Strengthening Rural Anchor Institutions: Federal Policy Solutions for Rural Public Colleges and the Communities They Serve

Report Prepared by the Alliance for Research on Regional Colleges
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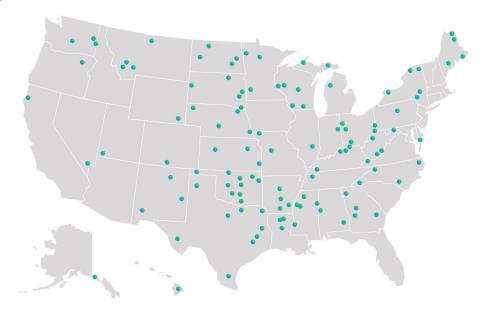
# **EXECUTIVE SUMMARY**

Observers have warned for months that COVID-19 could devastate rural communities due to the prevalence of risk factors among rural people, as well as the financial vulnerability of social institutions. Rural public colleges are a significant social institution for rural communities, which as "anchor institutions" are both place-bound and vital to the health and wellbeing of their regions.

Despite being an essential postsecondary education access point, rural public colleges face challenges that predate the pandemic, and the financial and public health fallout from COVID-19 has only exacerbated these challenges. Rural public colleges also face questions over their relevance, with policymakers at times suggesting mergers or closures of these institutions. At the same time, rural public colleges and the communities they serve are too often ignored in policy discussions.

This policy report highlights the importance of public colleges in rural communities, while also demonstrating how COVID-19 threatens their contributions unless policymakers act swiftly to support them. The report explores a group of 118 rural public colleges throughout the United States that fulfill their anchor institution role by fostering access to postsecondary education, supporting local economies, addressing critical workforce shortages, and contributing to public health infrastructure. These public, bachelor's-granting institutions were selected based on their location in rural communities and whether they are broadly accessible. The group of rural public colleges are located in 39 states, and most are undergraduate-focused colleges that admit over 80% of applicants and mostly enroll in-state students. Although most are regional colleges, the group also includes a few research institutions, land-grant universities, and minority-serving institutions.

### Rural public colleges can be found across the United States



Source: Integrated Postsecondary Education Data System

# MAJOR FINDINGS

This report has five major findings about rural public colleges and the communities they serve:



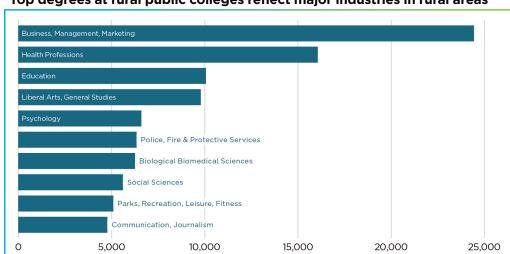
# Rural public colleges sustain local economies and fuel community development.

Rural public colleges are often the largest employers in their communities. On average, this group of rural public colleges employed over 500 people, not including third-party contractors. Nineteen counties served by rural public colleges were designated as low employment counties (which the Bureau of Labor Statistics designates as having less than 65% of residents, aged 25-64, who are employed), a number that would jump to 51 if not for the jobs provided by these colleges. Rural public colleges also incubate and develop businesses, with nearly half hosting a business or technology development center. The analysis found that 64% of rural public colleges hosted a museum, a finding illustrating the cultural contributions of rural public colleges to their communities.



### Rural public colleges provide college-educated workers for high-demand local industries.

Rural public colleges were often established to address shortages in necessary jobs like teaching and nursing. They are still needed for those exact reasons. Rural public colleges awarded over 120,000 bachelor's degrees, 25,500 master's degrees, and 17,000 certificates and associates degrees in 2019 and have steadily increased the number of degrees they awarded since 2008. The top degrees awarded by rural public colleges align with major industries in rural communities, including including education, health professions, business, hospitality and tourism, and natural resource management. Rural public colleges produced 16,248 degrees in health professions and related programs, including 9,662 nursing degrees, addressing critical workforce shortages in this area. They also awarded 6,573 degrees in homeland security, law enforcement, firefighting, and related protective services, 13,067 teaching certificates, and 5,261 degrees in parks, recreation, leisure, and fitness management in 2019.



Top degrees at rural public colleges reflect major industries in rural areas

Source: Integrated Postsecondary Education Data System



# Rural public colleges are important partners in building public health infrastructure and battling COVID-19 in rural communities.

Roughly one-quarter of rural counties in the analysis were ranked in the bottom quartile of their states for health outcomes, with 41% of people in these counties reporting poor or fair health. One-quarter of the rural counties had a population-to-physician ratio below the state average, which creates barriers to adequate health care. Nearly a third of the rural counties have at some point been designated as medically underserved areas (MUAs), which are geographic areas with a shortage of primary care health services, and 37% had a mental health professional shortage. These analyses are all the more concerning, given data on the spread of COVID-19 in rural areas. All but five of the rural counties had been designated as COVID-19 red zones as of late November, and the vast majority had been red zones for multiple weeks. In light of existing public health challenges and the crises posed by the pandemic, rural counties will rely on anchor institutions like rural public colleges for support. Many rural public colleges educate nurses and people entering necessary healthcare professions, and some have clinics providing free or low-cost care. Rural public colleges have responded to the COVID-19 challenge, providing access to testing and helping to disseminate public health information related to vaccines.



# Rural public colleges provide an access point for educational opportunity in rural communities.

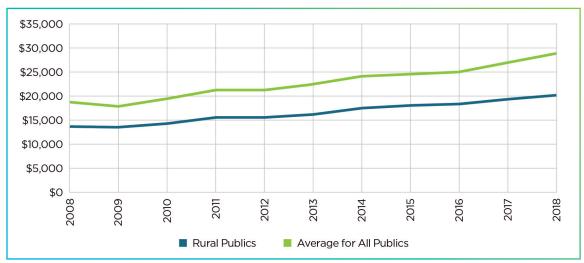
Rural public colleges are a critical player in addressing educational opportunity gaps. most of these institutions have maintained low tuition prices, despite dwindling state funding, and have acceptance rates above 80%, with some employing open enrollment admissions practices. Between 2003 and 2018, enrollment at rural public colleges increased, both in terms of full-time equivalent enrollment and headcount. The latter measure is important because many rural public colleges serve large numbers of students who are pursuing their degree part-time, such as working adults. Rural public colleges also enroll a larger share of students receiving Pell grants, compared to the average for all public institutions. While the majority of students at rural public colleges are white and the percentage of Black students has remained relatively constant, the share of Hispanic/Latinx students has increased, and rural public colleges enroll a large percentage of Native American students. Since 2012, there has been a steady increase in graduate and undergraduate students at rural public colleges who are enrolled in online programs. Many states have set goals to increase postsecondary education attainment, and rural public colleges can help move the dial by providing accessible, affordable, locally-responsive options.



# Rural public colleges are underfunded, relative to other public colleges, and need more financial support to serve their communities through COVID-19 and beyond.

Rural public colleges have below-average resources in every revenue category. Prior to the pandemic, rural public colleges were not wealthy, tending to have smaller endowments and lower state funding than research and urban universities. Emerging data suggest that COVID-19 has stressed the finances of rural public colleges, with revenue losses at times representing nearly 10% of institutions' total budget. Most of the colleges were bracing for additional state budget cuts due to projected reductions in state revenues for FY21. As a result of revenue losses, many rural public colleges were cutting spending. In practice, this meant reducing hours for hourly workers, furloughing employees, not filling vacant positions, and laying-off workers. Several institutions were exploring cuts to academic programs and associated faculty members.

# Per-student total revenues at rural public colleges consistently lag the national average



Source: Integrated Postsecondary Education Data System

Note: Figures are inflation-adjusted

# **FEDERAL POLICY SOLUTIONS**

The current crisis necessitates federal intervention to support rural public colleges. Most urgently, rural public colleges need federal funding to ensure they can continue serving their students and providing vital services to their communities. To ensure the financial stability of rural public colleges the federal government should:

- Base future stimulus funding on student headcount, not full-time equivalent enrollment.
- Establish federal block grants to states that restore funding for public colleges and universities to pre-2008/Great Recession levels.
- Provide \$1,000 grants to Pell-eligible students attending rural public colleges to purchase laptops and ensure their ability to participate in remote learning.

Beyond the current crisis, the federal government should take the following actions that would ensure the long-term sustainability of rural public colleges and their communities:

- To leverage rural public colleges and improve rural public health: 1) establish teaching health clinics
  and hospitals at rural public colleges; 2) strengthen partnerships with area healthcare providers to train
  healthcare professionals; and 3) provide loan forgiveness for graduates of health science programs
  who work in rural communities.
- To cultivate entrepreneurship and regional economic development: 1) leverage Regional Commissions and 2) modify the Rural Business Development Grant programs to encourage rural public colleges to incubate small businesses.
- To support workforce development: 1) increase funds for the Workforce Opportunity for Rural Communities (WORC) initiative; 2) restore funds for tribal workforce development programs; and 3) establish an AmeriCorps program for nonprofit agencies, public colleges, and government agencies serving rural communities.
- To address regional teacher shortages, adapt the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program to explicitly incentivize teacher education graduates to work in rural schools.
- Establish a federal Rural Serving Institution designation and fund the Higher Education Act Part Q which, provides grants for rural serving colleges and universities.