

## 2018 State of Higher Education Address

### “The Case for Higher Education in an Age of Skepticism”

My sincere and deep thanks to Chris LaMothe for his introduction but more importantly for his service to the Commission and our state. As our current chair and a longstanding member of the Commission for Higher Education, Chris brings to this role a level of experience, commitment and passion that inspires us and the work we do. I first met Chris 25 years ago when I began my service in the Indiana State Senate and he served as the President and CEO of the Indiana Chamber of Commerce. He understood then what has become even more important in the intervening years—that Indiana’s economy depends on human talent and education. Whether advocating for K-12 reform or workforce readiness, his willingness to set high expectations and to nudge Hoosiers to resist an attitude of “good enough” has provided the clear, compelling vision needed for change. We owe him a continuing debt of gratitude for his service as a business leader and public servant.

We also have in the audience other members of the Commission; as they stand please join me in thanking them for their valuable service.

2013 marked the first State of Higher Education address. In each year, a focus on higher education value has been central to the message. Certainly, that continues to be our challenge as we find better ways to clarify higher education’s purpose as it relates to individuals, employers and the state.

But what’s important in 2018? There are many themes we could explore – achievements gaps, workforce needs, costs and funding challenges, quality concerns, demographic shifts and new higher education expectations and providers. Each of these and many others are important as we define higher education priorities. But, this year I have chosen to focus on an overriding theme that impacts all of them: confidence in higher education and the paradox between a growing need for higher education and skepticism about its value.

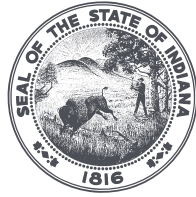
- Is support for higher education waning and if so why?
- Have we oversold its value or is it more important than ever?
- Why do some Americans still believe in its mission and others question it?

It is through this lens that we consider the State of Higher Education in 2018.

Recent surveys by Gallup and Pew highlighted factors impacting confidence levels, including soaring college costs and related debt; nagging questions about employment readiness and unprepared graduates; and growing polarization based on demographics and political agendas.

We can debate whether perceptions align with reality. But it’s clear that when half of Americans have “some” or “very little” confidence in higher education there is a problem. Let’s unpack these three issues as we consider ways to increase the confidence in higher education...

Let’s begin where higher education value is most often questioned: affordability and the return on investment. Many will cite examples of individuals who were successful without higher education. And that can certainly be



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true. But, it is indisputable that on average more education pays off—and some majors have a bigger pay-off than others. Whether a certificate or degree, postsecondary education is associated with higher wages and greater job security. Over the past decade, those with higher education earned more on average and were less likely to be unemployed. Hoosiers with no college filed more than two-thirds of all unemployment claims during the Great Recession.

While college degrees are valued more than ever, the term college is not limited to traditional degrees or institutions. Higher education includes industry certifications, certificates and degrees that are delivered in multiple settings by an increasing array of education and training providers. The unifying factor should be quality. In that spirit—ensuring quality while driving down costs—I share both concerning and encouraging news.

Many of us have heard stories of college graduates with crippling student debt. There are 44 million Americans who owe nearly \$1.5 trillion in student debt. Most of those struggling with debt are in their 20s or 30s. For the vast majority of graduates—and notice I said graduates because completion matters—higher education is a wise investment, but it must be made wisely. And, we can and must do more to ensure affordability and lower debt levels.

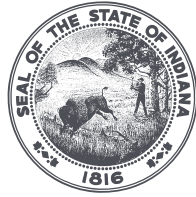
On that front, Indiana is making progress. The level of debt for many Hoosiers is actually decreasing.

Efforts by the Commission and our partners are helping students understand college costs and smart borrowing: Since 2012, the combined federal and private debt among IU and Purdue students has decreased by \$165 million.

Our colleges are creating more efficient and affordable ways for students to earn and transfer college credit. The result: on-time graduation rates are getting better every year, saving time and money. In the past five years, there has been a 9% increase at four-year campuses and a 6% increase at 2-year campuses in on-time completion rates.

While more needs to be done, we are finding solutions that work. Since 2009, the Commission has set recommended targets for tuition and mandatory fees. Our goal has been to hold tuition steady or at no higher than an inflationary level. The results have been significant, with some campuses freezing tuition and most others abiding by the inflationary targets. For Indiana students that means tuition increases have been the lowest in nearly three decades and among the lowest in the nation.

The General Assembly has also worked to make college more affordable by investing in generous financial aid programs that are increasingly tied to requirements that increase student success. Completion rates continue to improve as we convert these grants from entitlement programs to earned benefits. Based on legislation that was supported by the Commission and passed in the recent legislative session, recipients of the 21st Century Scholars program will have clear expectations during both high school and college that keep them on track to graduate and smooth their transition into the workforce. Our Commission's latest Return on Investment report shows that state financial aid recipients contribute billions of additional dollars to Indiana's economy compared



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to high school graduates over the course of their lifetime. In fact, of the \$13 billion contributed annually by each college graduating class, state financial aid recipients contribute \$3.5 billion of that total.

Are we beginning to see a bending of the college cost curve? I believe the answer is yes. The cost escalation seen in past years is not sustainable or acceptable. Pressure from consumers, policymakers and employers to drive down costs is not going away. While higher education can assert with some proof that they were already working to contain costs, external forces are driving many cost-savings measures—from administrative cost reductions to lower cost options from new providers, as well as streamlined and shorter degree programs from traditional colleges.

At the Commission for Higher Education we take seriously our responsibility to provide comprehensive and comparable financial information: what is the cost, level of debt and wage premium for specific programs at individual campuses? Providing user-friendly data to those who will invest their time and resources is our goal and we work closely with our partners at the Indiana Department of Education and Department of Workforce Development to ensure its reliability and usability.

Even aside from the cost, many people are questioning whether higher education is necessary to get a good job—or that a degree actually equates to what is needed for the job. As Tony Carnevale from the Georgetown Center for Education and the Workforce states, “The old rules of thumb no longer apply. Go to college. Study hard. Get good grades. Get a degree. Get a job. These simple principles are no longer enough in today’s complex world.” What do students actually learn that prepares them for the job?

Bryan Caplan, an economist at George Mason University joins the chorus of those who decry the need for education to secure a meaningful job. His book, titled *The Case Against Education: Why the Education System is a Waste of Time and Money*, states that for most students higher education is “an inefficient way to signal vague productive capacity to employers.”

While his perspective is provocative and includes some good points, it can’t go unnoticed that a graduate of both the University of California and Princeton is using his education as an economist employed by a university—even while he advocates for educational austerity.

More importantly though, it’s a risky proposition to dismiss the value of postsecondary education at a time when more jobs require it. Some may point to the college dropout who became a billionaire CEO and industry disruptor, but the data clearly show that these are the exceedingly rare exceptions and not the rule in a 21<sup>st</sup> century economy. And, it’s more true than ever that income disparity is magnified for those who don’t have postsecondary education or training, relegating them to lower-paying, non-skilled jobs—many of which are most at risk of elimination through automation and changing employer needs. As this technological shift occurs—and it’s happening already—higher education will be more about lifelong learning to keep current or advance in a career.

To help Hoosiers navigate these changes, it’s a fair expectation that higher education should provide more intentional career counseling and work-based learning opportunities that will, in fact, lead to better jobs and



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lives. 80% of colleges say they changed the way they provide career services in response to changing work demands. And those services need to be provided to older adults as well as 18 to 22 year olds. Hoosiers who are returning to higher education to complete a degree or a high-demand workforce certificate need obstacles removed and a clear path—from admission to job placement.

A simple, student-friendly process is what we had in mind in developing and rolling out Indiana's Workforce Ready Grant for adults who lack a quality workforce credential. Since last August, thousands of Hoosiers have responded to this opportunity to earn a tuition-free certificate in our state's most high-demand industries.

Sheldon Spence is one of those adults who decided that this was the time to get the education he needed for a better job. He lost his position after being a part-time crane operator for eight years. "At 41 years of age it can be hard to start again," he said. Sheldon works in the evening and attends classes during the day at the Haas Training and Education Center in Lebanon. Thanks to the Workforce Ready Grant his tuition is free. He knew the 15 intense weeks to complete the CNC Machining Program would require hard work and devotion to his studies, but he's dedicated to it for his kids and his future. He hopes to continue his education and complete the Mastercam Certification program, too.

Travis Huddleson is a 30-year old husband and father who was working at a dead-end job for a company that only had three skilled workers. Even though he was called on to train the workers who were hired for those positions, he couldn't get the job himself because he didn't have the proper credentials. In his words, "I wasn't going anywhere." But, that changed when Travis learned about the Workforce Ready Grant and got a fresh start. A few weeks ago, he started a part-time job with IBC Coating & Materials, and that position will lead to full-time employment when he completes his training. The company plans a \$5 million expansion, and Travis will be working on F16 and F18 missile rails for fighter planes.

Angel Howell is another great example. She was previously enrolled in college classes when her husband was severely injured in an accident and unable to work. She took a job at Guardian Technology in Crawfordsville—a company that supports her pursuit of more education by providing a flexible schedule. Angel is in class 40 hours a week and works 30 hours a week, using the Workforce Ready Grant to pay for the certificate program. As she said, "I knew it would be challenging, but I didn't want to be an operator for the rest of my career." Angel plans to complete the Metrology certificate and then earn her degree in business through Vincennes' online program.

These individual stories are just a small sample of larger, life-changing possibilities, and we need more Hoosiers like Sheldon, Travis and Angel to take advantage of this great opportunity for advancement. With the legislature's recent decision to expand the Workforce Ready Grant to all high school graduates, Indiana now has a way for more Hoosiers to afford higher education.

The Workforce Ready Grant is just one example of how higher education can be more intentional in aligning what students learn with what they will do by working more closely with employers. Governor Holcomb's new Office of Apprenticeships and Work-Based Learning is an encouraging recognition of this need for both high school and college students to have meaningful work-based experiences that empower them to learn on the job



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while earning a paycheck. The goal is to double the number of participants in these types of “earn and learn” programs by 2020, helping more Hoosiers get good jobs now while preparing them for tomorrow’s economy.

Now let’s tackle the most sensitive of these issues—divides in confidence and perception of higher education value based on geography, race, gender and political affiliation.

Let’s consider first where people live. The truth is that the high school graduates least likely to go to college are from rural America. Fewer than 1 in 5 complete a college degree, and not surprisingly rural families face lower wages and higher unemployment. It’s not a matter of being less academically prepared; rural students actually score higher on national assessments than the national average. But, the legacy of having a good job without education beyond high school still marks many rural communities in Indiana and across our country.

An article in the Wall Street Journal chronicled the story of Caity Chronkhite who grew up in Kingman, Indiana. After graduating from high school a year early, she headed to Carnegie Mellon University—going to school with people who (in her words) seemed to have more money and more opportunities. Caity struggled at first but discovered her talent in a technical writing program. Following graduation, she landed a job at Salesforce in San Francisco and worked to settle into her new west coast life. Caity had often felt out of place back home in Indiana, but these feelings persisted in California where inclusiveness did not include small town America. She posted a message on Facebook encouraging more civil dialogue between the coasts and the middle of the country. This story is often seen on college campuses and contributes to the distrust many small town and rural people feel for higher education. Caity may decide to come back someday, but her journey has been much harder than it should have been—both in college and in her job.

This is often true for people of color, too. The Commission’s College Readiness and Completion reports tell a disturbing story that must be addressed for both economic and equity reasons. While some progress has been made toward greater equity between minority students and their peers, we’re currently on track to only close the college completion gap by two-thirds by 2025. A contributing factor in this gap is the notable difference in first-to-second year persistence rates of minority students. A comprehensive support system for at-risk students is needed to address the barriers to getting a degree or credential.

These gaps can be closed. Indiana’s income-based 21st Century Scholars program is having good results, with Scholars attending and graduating at much higher levels than their low-income peers who are not Scholars. 76% of Scholars go to college, beating out the 65% overall college-going rate, and Scholars’ completion rates are getting closer to the state average (an 8% divide).

Education has long been known as the great equalizer, but in reality, studies show that more than two-thirds of the growth in inequality can be attributed to disparities in college access and success rates between student populations. It’s clear that higher education outcomes look much different based on race, background and income levels.

Confidence in higher education differs by gender, too. Unlike in years past, the majority of college students today are women. When asked “how much confidence do you have in higher education,” a stark difference



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exists between men and women, with 62% of women having confidence while the number for men is at 50%. Neither number is good enough when 99% of all new jobs created since the Great Recession require some level of postsecondary education. The truth is that for large numbers of people, especially blue-collar men without any postsecondary education, there are limited options in the new economy. At the end of the day, the dividing line between the “haves” and “have nots” is increasingly distinguished by Hoosiers with higher levels of education and those who lack it.

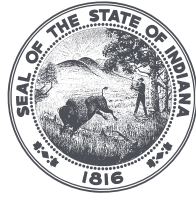
In recent months, much has been written about the partisan divides and specifically the negative view that many Republicans have toward colleges and universities—with more than 20 percentage points separating Republicans’ and Democrats’ confidence in U.S. colleges. This has not always been the case and requires a serious look at the underlying reasons why and what institutions can do to address the increased political polarization. Students enter college from a wide range of backgrounds and ideologies. Higher education should embrace open discussion and diverse perspectives. Regardless of their personal points of view, all students should be able to attain the necessary knowledge and skills, and all should learn how to analyze different perspectives from their own. And, whether in high school or college, we need to prepare an educated citizenry that understands and defends our democratic principles.

Without getting into an analysis of free speech issues or political agendas, it is important to embrace a more inclusive higher education culture that teaches critical thinking but not singular positions; that stands for education as an equalizer rather than a source of income differentiation; that embraces the linkage between a quality education and a meaningful career by blurring the lines between academic and applied learning; and one that prepares people for the shifts that will occur within the world of work.

Building and restoring confidence in higher education is critical for our state’s future. We cannot walk away from the higher education imperative even as we work to increase its value. As we weigh these issues and remedies, it’s also important to build support for higher education and workforce preparation in a connected rather than siloed way. That’s why the new Governor’s Workforce Cabinet was created to provide a strategic focus on the alignment of education and training programs with employer needs and career opportunities. It’s not a competition between higher education and workforce training; rather it should be about the complementary overlap between education and employment and relevant pathways that provide the best opportunities for Hoosiers.

In his State of the State address, Governor Holcomb spoke in compelling terms about the waste of human talent and loss of personal fulfillment that comes from not having a good job—and more than ever that good job is tied directly to education beyond high school and life-long learning. This is the mission—and enduring value—of higher education. While there is much more we can do to build greater confidence in its value and return on investment, the good news is that Indiana is making real progress to ensure better education pathways for the jobs of today and the future.

I close with an eye to the future based on a look to the past. Seventy years ago, less than half of Americans had a high school diploma. Today that number is nearly nine out of ten. It required a shared commitment to change



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and higher learning. The same is true today. That means higher education must do a better job of expanding its reach and proving its value so that more of our citizens and communities benefit from its promise.

At the Indiana Commission for Higher Education, we stand ready to partner with all Hoosiers to meet this challenge.

Thank you.