



REACHING HIGHER, ACHIEVING MORE



RETURN ON INVESTMENT

Part I: Making the Case
How Hoosiers can get more for
their higher education dollars



INDIANA *for* COMMISSION
HIGHER EDUCATION



COMPLETION



PRODUCTIVITY



QUALITY



THE CHALLENGE

Higher education has never been more essential, but Hoosiers aren't getting their full return on investment because...

#1: Too few students graduate on time... and many don't graduate at all.

Far too many Hoosiers start college and never finish, and most do not graduate on time. Only three in 10 Hoosiers complete a bachelor's degree on time (within four years) and less than one in 10 earns an associate degree on time (within two years).² An additional year of college can cost a Hoosier student nearly \$50,000 in extra tuition, lost wages and related costs.

Taking longer to complete not only means that students pay more, but it decreases the chances that they will graduate at all.

ROI BOTTOM LINE: Delayed college completion increases the cost of higher education and minimizes Hoosiers' return on investment.

#2: Too few degrees are earned... especially in high-demand fields.

Indiana needs more Hoosiers to complete education beyond high school at all levels, including one-year workforce certificates, two-year associate degrees, four-year bachelor's degrees and beyond. Unfortunately, Indiana isn't producing nearly enough of any of these credentials, particularly for the high-skill, high-wage jobs that Hoosier families need and the state's economy demands. **ROI BOTTOM LINE: Indiana must double the number of degrees and certificates produced annually (from 60,000 to 120,000 by 2025) with a special focus on economic growth areas, including STEM-related fields (Science, Technology, Engineering and Mathematics) and other high-need areas.**

#3: Too many students pile up debt... and many are left with debt and no degree.

College students borrow money with the expectation that the extra take-home pay their degree earns them will be more than their loan payments. Unfortunately, many students pile up debt without understanding what their total cost will be or how long it will take them to pay it off. On average, Hoosier college grads borrow more than \$27,000 to finance a four-year degree,⁴ and loan default rates have increased by 35 percent over the past three years alone.⁵ Prospects are even bleaker for students with debt and no degree. These students lack the same job opportunities and earning potential as college graduates, making them four times more likely to default on their student loans than their degree-holding peers.⁶

ROI BOTTOM LINE: Students who take on debt without earning a degree have a near-zero return on investment and put their future at risk.

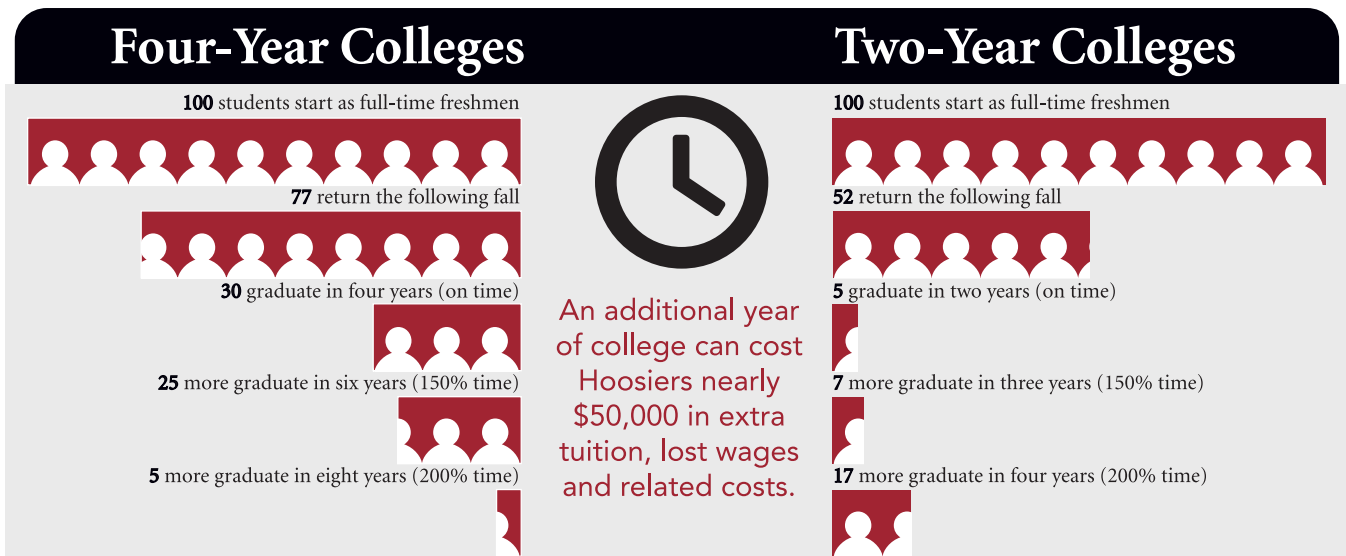


Figure 3: Indiana Commission for Higher Education.



THE RESPONSE

Maximizing Indiana’s return on investment (ROI) in higher education is a shared responsibility.

The State of Indiana must:

- #1: **Expect more** through a performance-based funding formula that drives dollars to colleges that produce more quality degrees and on-time graduates.
- #2: **Invest more** in higher education to ensure Indiana produces the college graduates demanded by the state’s workforce.
- #3: **Promote student success** through state financial aid incentives that reward college students for performing academically and graduating on time.

Indiana colleges must:

- #1: **Control college costs** by holding increases in student tuition and fees at or below the rate of inflation.
- #2: **Encourage smarter choices** through college advising practices that provide students with a clear path to graduate on time and a true sense of the job opportunities and earning potential for their degree.
- #3: **Promote student success** through financial aid and on-time completion incentives that encourage students to graduate with minimal debt.

Hoosier students must:

- #1: **Create a graduation plan** that maps out the specific courses students must complete each semester in their program of study to graduate on time.
- #2: **Finish faster** by completing at least 15 credits each semester (or 30 credits per academic year) to stay on track to graduate on time. NOTE: Only half of Hoosiers receiving state financial aid are taking 30 or more credits per year, yet 75 percent of these students expect to graduate on time.¹
- #3: **Borrow wisely and repay responsibly** to minimize college debt and prevent loan defaults that damage credit and result in other long-term financial consequences. NOTE: As a general rule, college students shouldn’t borrow more than their expected annual starting salary after graduation.

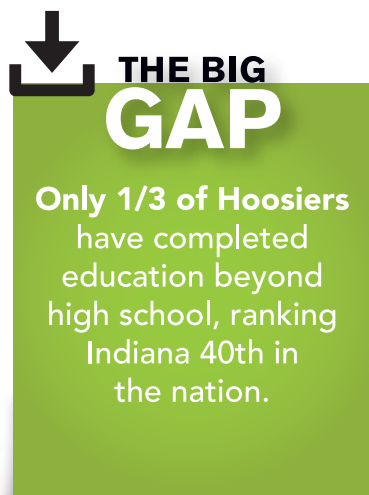


Figure 1: U.S. Census Bureau



Figure 2: Indiana Commission for Higher Education

REACHING HIGHER, ACHIEVING MORE

THE PAYOFF FOR STUDENTS

For Hoosier students, increasing education attainment means...

#1: More opportunities.

A college degree brings more job options and a wider range of career opportunities. Nearly two-thirds of all jobs in Indiana this decade will require education beyond high school,⁷ and Indiana will need at least 500,000 more Hoosiers with a college degree or credential by 2018 just to fill expected job vacancies.⁸ Two-thirds of Hoosier high school graduates work in only four industries: administrative support, food service, manufacturing and retail.⁹ Indiana college graduates have more options, including advanced manufacturing, education, finance, health care and STEM-related fields. **ROI BOTTOM LINE: College credentials mean greater job prospects, flexibility and opportunities for promotion now and in the future.**

#2: Higher earnings.

On average, college graduates earn an extra \$20,000 per year and more than \$1 million over their careers compared to non-college graduates.¹⁰ More advanced degrees produce an even greater return over the long term. Over 10 years, average earnings for Hoosiers with a bachelor's degree increased by nearly 90 percent while those with an associate degree or certificate increased by more than 40 percent.¹¹ At the same time, wages of recent high school graduates who are employed have fallen by more than 11 percent over the past decade.¹² **ROI BOTTOM LINE: Completing a college credential immediately leads to higher wages and accelerated earnings in the future.**

#3: Greater job security.

Hoosiers with a college credential are better positioned during economic downturns, while non-degree-holders bear the brunt of tough job markets. Four out of five jobs lost during the recent national recession were held by individuals with a high school diploma or less.¹³ In the last year alone, one in four recent high school graduates was unemployed and more than half were underemployed.¹⁴ Meanwhile, unemployment rates for Indiana's college graduates have remained relatively low.¹⁵

ROI BOTTOM LINE: Not only do college graduates have more options and higher income, but far greater job security in both strong and challenging economic climates.

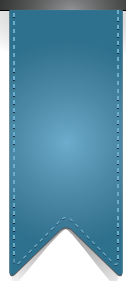


College graduates earn **\$1 million more** than those with a high school diploma.

If a Hoosier... the payoff is...

	Income after 1 year*	Income after 5 years*	Income after 10 years*	Lifetime earnings**	Unemployment rate***
Earns a four-year Bachelor's Degree	\$30,466	\$42,395	\$57,382	\$3,380,060	3.2%
Earns a two-year Associate Degree	\$35,026	\$41,072	\$50,263	\$2,254,765	8.6%
Earns a one-year Certificate	\$28,390	\$32,494	\$40,508	Not available	Not available
Earns only a High School Diploma	\$11,165	\$19,578	Not available	\$1,767,025	10.4%

Figure 4: * Indiana Workforce Intelligence System. ** Georgetown University Center on Education and the Workforce. *** American Community Survey.



THE PAYOFF FOR THE STATE

For the State of Indiana, increasing education attainment means...

#1: A stronger economy.

Indiana's economy will grow as Hoosiers' level of education increases. Even a 1 percentage point increase in the number of people with college degrees leads to a 2 percent increase in overall economic activity.¹⁶ College graduates earn higher incomes, which generate more state and local revenue through income, property and sales taxes.¹⁷ College graduates also place less demand on social services like Medicaid and welfare, and they are significantly less likely to be incarcerated.¹⁸

ROI BOTTOM LINE: Increased college attainment leads to a stronger economy, and college graduates generate greater economic activity for Indiana and their local communities.

#2: A stronger workforce.

Higher education drives workforce development. As an increasing share of the nation's jobs demand college credentials, employers will locate and expand their businesses in states that have the best, well-educated workforce. In fact, access to highly educated and skilled workers has consistently ranked among the key factors businesses use in site selection.

ROI BOTTOM LINE: Indiana's ability to attract outside investment, create jobs and spur new innovation will depend on the education of its workforce.

#3: A stronger middle class.

Over the past few decades, Hoosiers with a college degree have maintained or improved their economic standing while those with a high school education or less have begun to fall out of the middle class. Likewise, students from low-income families who earn a college credential are four times more likely to enter the middle class.¹⁹ Higher education also leads to healthier families and more engaged community members. College graduates are twice as likely to have healthy children, twice as likely to volunteer and nearly twice as likely to vote as their non-college peers.²⁰ **ROI BOTTOM LINE:** Indiana's long-term prosperity is directly linked to the size and strength of its middle class, and entrance into the middle class is increasingly connected to college completion.



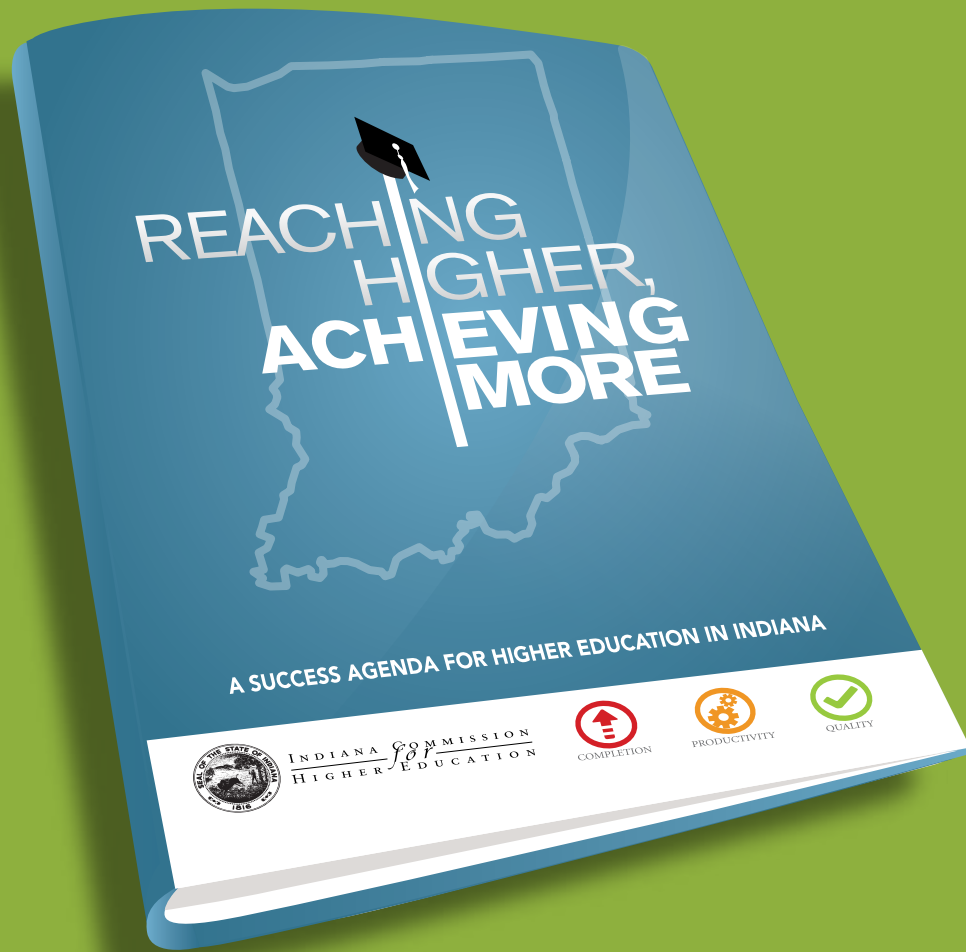
Indiana reaches 60 percent education attainment goal.



If Indiana...	the payoff is...	
	per capita income increases by	state revenue increases by
Adds 25 degrees per 100 students	\$1,815	\$1.5 billion
Adds 10 degrees per 100 students	\$734	\$592 million
Adds 5 degrees per 100 students	\$375	\$302 million
Adds 1 degree per 100 students	\$87	\$70 million
Does nothing	\$13	\$10 million

Figure 5: National Center for Higher Education Management Systems (NCHEMS), Center for Law and Social Policy (CLASP).

**Read Reaching Higher, Achieving More...
Indiana's higher education success agenda
at www.che.in.gov.**



SOURCES

- ¹ Indiana Commission for Higher Education
- ² Indiana Commission for Higher Education
- ³ Indiana Commission for Higher Education
- ⁴ Project on Student Debt
- ⁵ U.S. Department of Education
- ⁶ U.S. Department of Education
- ⁷ Georgetown University Center on Education and the Workforce
- ⁸ U.S. Bureau of Labor Statistics
- ⁹ Indiana Workforce Intelligence System
- ¹⁰ Georgetown University Center on Education and the Workforce
- ¹¹ Indiana Workforce Intelligence System
- ¹² Economic Policy Institute
- ¹³ Georgetown University Center on Education and the Workforce
- ¹⁴ Georgetown University Center on Education and the Workforce
- ¹⁵ American Community Survey
- ¹⁶ Federal Reserve Bank
- ¹⁷ Indiana Workforce Intelligence System
- ¹⁸ Center for Law and Social Policy
- ¹⁹ Economic Mobility Project of the Pew Charitable Trusts
- ²⁰ The College Board

