



INDIANA COMMISSION for
HIGHER EDUCATION



INDIANA PARTNERSHIP PENTAGON

MEETING ONE | ISSUE BRIEF

THE RETURN ON INVESTMENT FOR PURSUING HIGHER EDUCATION

Higher education, also called postsecondary education, is the bridge many individuals choose to cross between their K-12 education and entry into, or advancement within, the workforce. Though there was a time when a high school diploma could secure stable employment that enabled workers to buy homes and support families, the modern economy typically requires employees to have some form of education beyond high school to have similar opportunities in today’s economy. By 2027, [70 percent](#) of all jobs in the U.S. are expected to require some form of education beyond high school, making [higher education](#) more important now than ever.

The Cost of College

One distinction to keep in mind when discussing the cost of higher education is the difference between an institution’s “[sticker price](#)” and the actual out-of-pocket costs that students and families pay. The “sticker price” refers to the tuition that institutions charge students. However, there are several other factors that determine what students actually pay to access higher education, including student aid (grants and loans), mandatory fees, and living expenses related to housing, food, and transportation costs. The “net cost” is an estimate of the actual cost students, and their families, will pay during the school year and is calculated

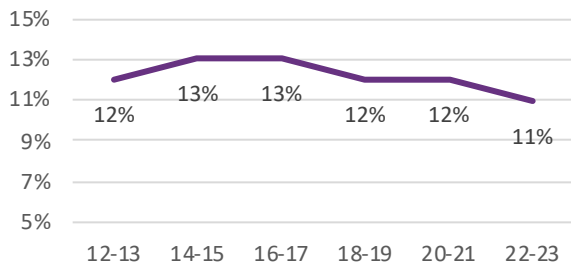
by subtracting the grants and scholarships awarded to students from an institution of higher education’s total cost of attendance. While tuition and fee costs are sometimes published on an institution’s website, it is often much more difficult to calculate non-tuition costs such as textbooks and meals. This makes it difficult to predict students’ out-of-pocket costs.

Another important factor to keep in mind is many public higher education institutions receive state funding. Indiana higher education funding appropriations lag behind national trends, ranking 41st for appropriations by full-time enrollment during fiscal year 2020. Further, the national average for appropriations was nearly \$2,000 more per student than Indiana’s. Figure 1 illustrates a decline in higher education appropriation since fiscal year 2012.

However, while national trends have seen an increase in tuition and fees since the 2008 recession, the Indiana Commission for Higher Education has committed to hold tuition levels flat, or in line with inflation, since 2009. Since 2015, tuition and fees have increased at approximately the same rate as inflation (Figure 2).

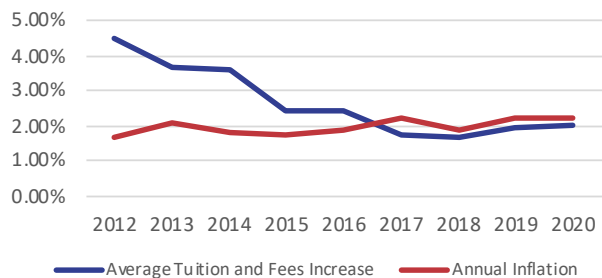
As the cost of higher education increases across the nation, many students and families are paying closer attention to the return on investment (ROI) of their postsecondary degree or credential. In financial markets, ROI is a [popular metric](#) to evaluate how well an investment has performed by calculating the monetary value of an investment versus its cost. In a similar fashion,

Figure 1: Higher Education’s Share Of Indiana’s General Fund Appropriations



[Source](#)

Figure 2: Average Annual Change in College Tuition and Fees



[Source](#)

the [ROI of postsecondary education](#) compares the main financial benefits of college, namely increase in income and lifetime earnings, against cost, including tuition, fees, living expenses, and foregone earnings during enrollment. What makes a postsecondary ROI so unique, though, is the length of time it takes to see the return. Unlike the stock market, which shows returns on investment on a yearly, quarterly, or even daily basis, the financial returns students receive vary greatly based on the institutions students attend and the subjects they study.

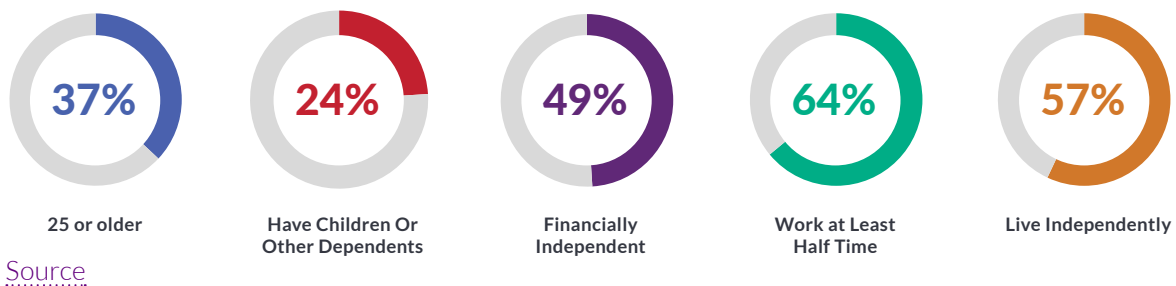
Creating more robust data systems that include economic information is essential to informing student decisions and holding institutions accountable for the ROI provided to students. In recent years, research institutions, such as [Georgetown University’s Center on Education and the Workforce](#) have created metrics to measure students’ ROI at specific institutions and programs.

However, states are still exploring ways to incentivize their institutions to improve students’ ROIs, such as embedding ROI in funding formulas and creating more public-facing data systems so students can determine expected ROI when comparing institutions.

Today’s Students

Historically, a “traditional” college student is generally considered to be someone who enrolls in college full time immediately after graduating from high school, is financially dependent on their parent(s)/guardian(s) and is not currently employed full-time. However, in recent years institutions of higher education across the nation have served a more diverse population of students that demonstrates that most students do not fit that traditional definition (Figure 3).

Figure 3: Characteristics of Today’s Higher Education Student Population in the U.S.



Here are some examples of specific student populations which may face unique barriers to higher education:

First-Generation Students	Students who are the first person from their family to attend/complete higher education.
Employed Students	Students who are employed full-time while enrolled in postsecondary education.
Adult Learners	Students who are over the age of 24.
Student Veterans	Students who currently or formerly served in a branch of the military.
Students with disabilities	Defined by Section 504 and Title II, students with disabilities may have a physical or mental impairment that impacts major life activity, has a record of such impairment, or is regarded as having an impairment.

As of 2019, Indiana is home to over 400,000 postsecondary students who attended one of the 66 institutions of higher education. Indiana boasts one public two-year system, 15 four-year public, 39 four-year private nonprofit, and three for-profit institutions. However, Indiana has experienced a 3.2 percent decline in enrollment since the onset of the COVID-19 pandemic in Fall 2020. However, enrollment has varied based on postsecondary pathways (Figure 4). Across the state, the college-going rate has declined by 12 percent since 2015.

Postsecondary Pathways

As the demographics of postsecondary students continue to change, there is a growing recognition of the value different types of credentials provide for students. Postsecondary pathways are the varying opportunities students may pursue to become college and career ready. There are numerous credentials available to postsecondary students, but the most common include academic credentials such as certificates, associate, and bachelor’s degrees, as well as industry credentials such as certifications, licenses, and badges. The full scope of postsecondary pathways includes:

Workforce Training Programs: Programs that offer students new and/or improved skills often aligned to a specific industry. Technical trade programs are

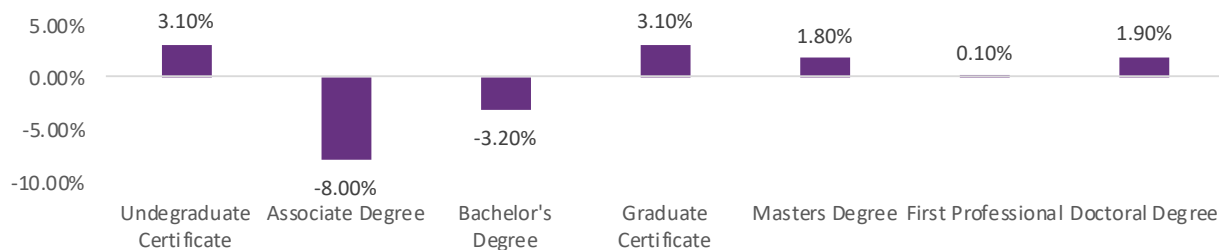
often workforce training programs but may also fall into industry credentials based on state and federal regulations.

Industry Credentials: Vocational certifications, licenses, or badges that are recognized by local, state, or national business and industry partners. Industry credentials help prepare individuals to work in a specific industry, often in an entry-level position and/or advance their career through skill mastery. These credentials typically are not for college credit but may be evaluated by colleges and universities for awarding credit for prior learning.

Certificates: Awards that usually require less than one or two years to complete and prepare individuals for middle-skill jobs (e.g., nurses, welders, machinists). These short-term credentials quickly prepare individuals for jobs that are important to local economies. Many certificates can be applied toward a higher-level certificate or degree, such as an associate degree. These credentials build, or stack, upon one another, which allow students to use prior knowledge and continue their education at their own pace.

Associate Degrees: An undergraduate academic program that aims to give students basic knowledge and skills that can be used toward employment or further study. Most associate degrees can be conferred in two years and are often completed at a community college.

Figure 4: Enrollment Changes by Credential Type | Fall 2020-2022



Source

Bachelor's Degrees: Undergraduate academic degree awarded by a college or university usually after four years of study. A bachelor's degree is a prerequisite for further courses in graduate education.

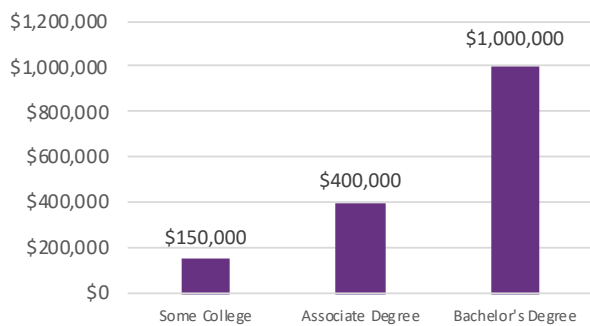
Graduate Education: Academic or professional degrees, certificates, diplomas or other qualifications pursued by postsecondary students who have earned an undergraduate degree. Graduate education provides students with more advanced learning in a specialized discipline making them an expert in that topic of study.

Over the next decade, Indiana will need to fill more than [1 million jobs](#), of which more than a third will be new or growing occupations within the state. As the nature of work continues to change at an accelerated pace, the workforce will need new skills to meet the challenge at all levels of education. It is estimated that nearly [30,000 job openings per year](#) will require an industry-recognized certificate/certification in addition to a high school diploma. Approximately [13,500 certificates](#) are earned annually in Indiana in either high school or postsecondary, but only 9,200 of these certificates are in high-demand, high-wage fields. The Indiana Department of Workforce Development has identified more than [100 occupations](#) which align with many of these opportunities.

Industry and other short-term credentials help individuals quickly gain the knowledge and skills needed for employment or advancement; but often come with one major caveat: **These credentials are not always credit bearing.** Non-credit credentials, while beneficial in the short-term, often hinder students from seamlessly progressing further in their educational journey. By promoting the use of stackable credentials, and creating non-credit-to-credit pathways, such as [Ivy Tech Community College's crosswalk](#), Indiana can ensure more people are able to obtain credentials that support their educational ambitions and career goals to ensure family- and life-sustaining wages in both the short and long-term (Figure 5).

The [Next Level Jobs Workforce Ready Grant](#) covers the tuition and fees for students participating in eligible high-value certificate programs at select institutions of higher education. The grant is available for students for two years and covers the certificate program's course credit requirements. Programs included in the grant are based on employer demand, wages, job placement rates, and program completion rates, including advanced manufacturing, building and construction, health sciences, IT & Business Services, and transportation and logistics.

Figure 5: Median Earnings by Education Attainment



Source

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SCAN ME



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The Hunt Institute brings together people and resources to inspire and inform elected officials and policymakers about key issues in education, resulting in visionary leaders who are prepared to take strategic action for greater educational outcomes and student success.

In 2016, The Hunt Institute became an independent, nonprofit entity and joined forces with Duke University's Sanford School of Public Policy to pursue research, educational partnerships, and events related to improving education policy.

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