MAXIMIZING RETURN ON INVESTMENT

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PURPOSE

• Inform student choices about where to study, what to study, and how long to spend in school
• Provide students and families with information about career options and expected salaries
• Help students become smarter borrowers and reduce the overall student debt load
WHY IT MATTERS

• College graduates often earn more than $2 for every dollar they spend on educational costs within the first five years of graduation

• Student choices influence results: significant differences in ROI based on major, time spent in school and amount borrowed

• Student debt in the U.S. now tops $1 billion and is second only to mortgages in total debt
INDIANA’S RESPONSE

• The commission published Return on Investment Reports to help students navigate career options
• State law requires public and private colleges to send annual “truth in lending” disclosures to all borrowers
• The commission provided Persistence Grants to campuses to develop financial literacy courses for state aid recipients
KEY QUESTIONS

• Where can we find salary data for various majors?
• What do students misunderstand about their college investment and how does financial literacy help inform them?
• Do students make different choices about borrowing when they have a better understanding of the implications?
• What can students do to maximize their return on investment within a particular program of study?
## CHE ROI Report Findings

### Education Pays…and More Education Generally Pays More…

<table>
<thead>
<tr>
<th>Degree Level</th>
<th>Median Salary (2014)</th>
<th>Year 1</th>
<th>Year 5</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Certificate</td>
<td>$26,341</td>
<td>23%</td>
<td>$37,608</td>
<td>NA</td>
</tr>
<tr>
<td>Longer-term Certificate</td>
<td>$27,875</td>
<td>26%</td>
<td>$34,393</td>
<td>$39,599</td>
</tr>
<tr>
<td>Associate</td>
<td>$32,351</td>
<td>44%</td>
<td>$40,299</td>
<td>$47,610</td>
</tr>
<tr>
<td>Bachelor's</td>
<td>$32,804</td>
<td>42%</td>
<td>$41,049</td>
<td>$50,041</td>
</tr>
<tr>
<td>Master's</td>
<td>$47,308</td>
<td>91%</td>
<td>$55,562</td>
<td>$62,479</td>
</tr>
</tbody>
</table>

Indiana median wage (2014) = $32,500
College major and past experience matter...

- Degree programs directly aligned with local industries and employment options often have higher immediate returns
  - Apprenticeship associate degrees, Year 1: ($61,086) vs. Non-apprenticeship associate degrees, Year 1: ($32,137)
  - Health, engineering, computer sciences higher Year 1 wages

- Factors such as student’s age at time credential completed may contribute to differences in earning potential
  - Average age for Hoosier certificate and associate degree earners is 6 years older than those who complete a bachelor’s (32 vs. 26 years)
Likelihood of continuing education and delaying entry into workforce also influences labor market outcomes...

- For example, approximately 1 out of 4 (22-25%) bachelor’s recipients in the STEM fields of biology and physical sciences immediately continue graduate studies, compared to 8% for all majors; these students are not included in Year 1 wages for bachelor’s degrees.
Stacking credentials in same major/academic field has potential value...sometimes

- For example:
  - Computer and information sciences high-gain stackable major (16-56%)
  - Certificate-to-associate in business administration minimal (<$1,000)
  - Associate and bachelor’s in dental hygienist programs identical ($35,000)

- Not all program majors represented at all degree levels

- Likelihood of pursuing same major/academic field decreases with each higher credential

Important to understand additional costs and labor market demand
# CHE ROI Report Findings

Where someone studies matters less...

- Typical wages for same degree program (e.g., bachelor’s in business or psychology) vary across institutions, generally not by significant margin
- Keep in mind institution mission/focus influences types of programs offered (e.g., engineering=higher wages, social work=lower wages)

...while amount of debt incurred important consideration

<table>
<thead>
<tr>
<th>STATEWIDE</th>
<th>The INVESTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual cost of college BEFORE financial aid</td>
</tr>
<tr>
<td>Two-Year Colleges</td>
<td>$16,648</td>
</tr>
<tr>
<td>(Associate Degrees)</td>
<td></td>
</tr>
<tr>
<td>Four-Year Colleges</td>
<td>$21,924</td>
</tr>
<tr>
<td>(Bachelor’s Degrees)</td>
<td></td>
</tr>
</tbody>
</table>

data for 2012-13 academic year

Average debt/costs  
2-3% per year
## Indiana Public Colleges & Universities Return on Investment

### Most Popular Program Majors

What are the salaries and employment outcomes of institutions’ top-enrolled programs?

<table>
<thead>
<tr>
<th>Program Major</th>
<th>Median Salary</th>
<th>Employment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Nursing/Registered Nurse</td>
<td>$47,609</td>
<td>83%</td>
</tr>
<tr>
<td>Business/Commerce, General</td>
<td>$36,624</td>
<td>59%</td>
</tr>
<tr>
<td>General Studies</td>
<td>$31,246</td>
<td>57%</td>
</tr>
<tr>
<td>Elementary Education and Teaching</td>
<td>$31,236</td>
<td>73%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>$31,011</td>
<td>53%</td>
</tr>
<tr>
<td>Liberal Arts and Liberal Studies</td>
<td>$27,459</td>
<td>47%</td>
</tr>
<tr>
<td>Biology/Biological Sciences, General</td>
<td>$27,226</td>
<td>37%</td>
</tr>
<tr>
<td>Kinesiology and Exercise Science</td>
<td>$25,722</td>
<td>45%</td>
</tr>
<tr>
<td>Psychology, General</td>
<td>$25,114</td>
<td>46%</td>
</tr>
<tr>
<td>English Language and Literature, General</td>
<td>$25,080</td>
<td>48%</td>
</tr>
</tbody>
</table>

**Note:** Data only available for programs with 30 or more graduates.

Test dashboard site: [https://public.tableau.com/shared/N8FTY8ZYD?:display_count=yes](https://public.tableau.com/shared/N8FTY8ZYD?:display_count=yes)
Maximizing Return on Investment

Department of Workforce Development

Programs and Resources

Leslie Crist, Director of Strategic Initiatives
Amy Marsh, Director of Career Readiness
Brianna Morse, Youth Program Manager, Strategic Initiatives
Financial Literacy & Education ROI

- What does it mean to be financially literate?
- Why is financial education needed at the collegiate level?
- How or where do you start?
- How do you know if you’re making a difference (ROI)?
  - Why measure?
  - What and how to measure?

For more information, contact:
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THANK YOU!

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