



# Investing in Indiana's Adult Workers:

*Increasing Financial Aid Opportunities*

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# Executive Summary

## INVESTING IN INDIANA'S ADULT WORKERS: INCREASING FINANCIAL AID OPPORTUNITIES

Indiana faces a significant problem regarding the skills and educational attainment levels of its workforce. Historically, Indiana workers only needed a high school diploma to obtain jobs that paid self-sufficient wages. However, today a high school diploma is no longer enough and the majority of jobs require education and skills training beyond high school.

The *Hoosier Hot Fifty Jobs* is a current list of the fifty high-wage occupations projected to have the largest growth in Indiana from 2006-2016. Seventy-four percent (37 jobs) of the *Hoosier Hot Fifty Jobs* require postsecondary education.<sup>1</sup> Do Indiana workers possess the skills and educational attainment levels necessary to fulfill these positions? Or will Indiana's economy suffer as a result of the state's unskilled workforce?

The answer is overwhelmingly no. It is estimated in Indiana there are nearly one million Hoosiers lack the basic educational skills necessary to become gainfully employed or advance to better paying jobs.<sup>2</sup> However, current research indicates that Indiana is not alone and that the United States is experiencing an educational crisis. In fact, the United States is the only country competing in the global economy in which younger adults are less educated than the previous generation.<sup>3</sup> More troubling is the fact that Indiana lags the educational attainment levels of other states. In Indiana, over 650,000 adults 18-64 years old have a high school diploma, no postsecondary education, and earn less than a self-sufficient wage – below 200 percent of the Federal Poverty Guidelines (\$35,200 a year for a family of three in 2008).<sup>4</sup>

Yet, state policy discussions around education inevitably focus on elementary and secondary education reform measures as a way to solve the state's lack of educational attainment by its residents. However, research shows that even if Indiana were to outperform all other states in high school and college completion rates for traditional age students (generally students between 18-24 years old), the state would still fall short of meeting the need for a globally competitive workforce. More than two-thirds of Indiana's workforce is beyond the reach of the K-12 educational system. Therefore, developing a workforce equipped for the 21<sup>st</sup> century economy must begin with increasing educational opportunities for adult workers who are 25 years old and older.

The need for advancing the skills of Indiana's workforce has been acknowledged by Indiana officials but most state financial aid programs are designed for traditional age students. One of the greatest barriers faced by adult students seeking postsecondary credentials is cost. College has become increasingly more expensive relative to family income making it unaffordable for many students. Low-income adult workers often find themselves in a double bind. Their wages are low because they lack the educational attainment necessary to acquire a better job, yet they cannot afford to pursue a postsecondary education due, in part, to the cost of tuition and other related expenses of attendance. State financial aid programs were created to ensure no one was denied access to postsecondary education due to a lack of financial resources, yet these financial aid programs are not reaching those most in need. Indiana has been nationally recognized as a leader for providing financial aid assistance to low-income traditional age students. However, Indiana dedicates only a miniscule amount of its financial aid dollars (2.23 percent) directly to the needs of working adult students.

If the state of Indiana is unwavering in its commitment to produce a workforce equipped to meet the demands of a 21<sup>st</sup> century economy, changing financial aid programs and policies to make these programs accessible to working adults must be a priority. For example, part-time students are not eligible to receive financial assistance from the vast majority of the State's financial aid programs. Thus, many adult workers are disqualified from receiving state aid dollars as they attend school on a part-time basis to balance family and work responsibilities. So while Indiana hopes to increase the educational attainment levels of its workforce, current financial aid programs and policies are pushing this goal further out of reach for a large number of residents.

Included in this report is an audit of Indiana's financial aid programs, for which adults are eligible to receive funding. Also included in the report are innovative programs and strategies employed by other states to increase the number of adult workers who possess postsecondary credentials, which can be replicated in Indiana. The report also offers eighteen policy recommendations for improving the education and skills attainment levels of Indiana's workforce. The policy recommendations focus on five main areas including:

- **Removing barriers for adult students to Indiana's financial aid programs;**
- **Increasing the number of adults enrolled in postsecondary institutions;**
- **Increasing retention and completion rates of adult students in Indiana;**
- **Increasing affordability of postsecondary education for working adults; and**
- **Improving data collection and information on postsecondary education students.**

Indiana can overcome its current educational crisis by investing in its adult workers. The return on investment is clear. Skilled adult workers have access to higher paying jobs and contribute more to the economy through spending and taxes. Additionally, individuals with high educational attainment levels also tend to be healthier, have higher levels of civic engagement, and are cushioned from economic downturns as educated workers tend to have lower unemployment rates. Children of parents with higher levels of educational attainment also do better in school and create a brighter outlook for Indiana's future workforce.

Increasing the number of Hoosiers who possess postsecondary credentials will allow Indiana to emerge from the current economic recession and reposition itself as a viable competitor in the global economy. However, if Indiana falls short of meeting its educational attainment goals, its ability to recover economically will be delayed. Indiana must realize the urgency of educating its working adults before it suffers losses to more economically competitive states with skilled workforces that can meet the demands of the 21<sup>st</sup> century economy.

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<sup>1</sup> Indiana Department of Workforce Development. 2009. *Hoosier Hot 50 Jobs: 2006-2016*.

<sup>2</sup> The Indiana Chamber of Commerce. 2008. *Indiana's Adult Education and Workforce Skills Performance Report: Preparing Adults for a Brighter Future*. Developed by National Center for Higher Education Management Systems (NCHEMS).

<sup>3</sup> National Commission on Adult Literacy. 2008. *Reach Higher, AMERICA: Overcoming crisis in the U.S. Workforce*.

<sup>4</sup> The Indiana Chamber of Commerce. 2008. *Indiana's Adult Education and Workforce Skills Performance Report: Preparing Adults for a Brighter Future*. Developed by National Center for Higher Education Management Systems (NCHEMS).