

# Rewarding Workforce Readiness Act

## U.S. PUBLIC HIGHER EDUCATION IS FAILING STUDENTS



The earnings bump from a college degree **fell over the past 15 years**



State and localities spend almost **twice as much on higher education** as they do on roads



**Only 13%** of college students from low-income families earn a bachelor's degree by 24

## SCHOOLS, NOT JUST STUDENTS, NEED TO HAVE MONEY ON THE LINE

States should **force public colleges to compete for funding** based on how well they prepare students for careers. The Rewarding Workforce Readiness Act has two distinguishing features:

1

### Funds colleges based on student earnings

Student earnings six years and 10 years after enrollment determine a school's funding



2

### Uses equity measures to help low-income students

Extra weight is given for enrollment and earnings of students from low-income families

To boost student earnings, schools will need to increase graduation rates, education quality, and job placements.

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26 STATES ALREADY HAVE  
PERFORMANCE-BASED FUNDING, BUT  
THESE SYSTEMS CAN ALL BE IMPROVED



**Texas Technical Colleges, which are fully funded based on student earnings,**

had a 117% increase in graduate earnings since the reform started in 2014



**Most states focus on intermediate metrics in complicated formulas,**

incentivizing schools to game the system through grade inflation, admitting fewer low-income students, and weakened academic standards



**Performance-based funding**

makes up as little as 1% of higher education funding in some states

INCENTIVES MATTER



Unlike cancelling student loans or providing free college, these reforms will prepare students for in-demand local jobs and protect taxpayers' investments

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