

# Rewarding Workforce Readiness Act

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



The earnings boost from a college degree **fell over the past 20 years**



**41 percent** of college graduates work in positions that **don't require a degree**



Almost 1 out of every 10 pre-pandemic public college graduates **defaulted on their student loans** within two years of graduation



State funding for higher education is at an **all-time high**

## COLLEGES, 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**

Fund colleges based on alumni wages



**2**

Reward colleges that have more low-income students with higher wages

To boost alumni wages, colleges will need to increase retention, graduation rates, education quality, and job placements.

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



**Texas State Technical College, which is fully funded based on alumni wages, had a 117 percent increase in alumni wages**

since starting wage-based performance funding 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, this reform will prepare students for in-demand local jobs and protect taxpayers' investments

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