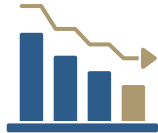


Rewarding Workforce Readiness Act

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 one 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

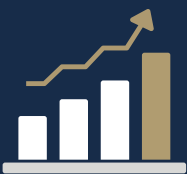
Fund colleges based on alumni wages.

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.

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 one percent 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.