

## **What Every Practitioner Should Know about Challenges for Educational Opportunity in Indiana**

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At the forefront of the economic shift from reliance on manufacturing to a human capital-based economy, Indiana is essentially a research laboratory for how states can recognize and adjust to a changing economy.

While Indiana has been aggressive in its attempt to develop a twenty-first century workforce, many challenges remain.

Three forces currently shaping Indiana's economy are

- Economic change (from a goods-based economy to a service-based economy),
- Demographic change, and
- Globalization of human capital (with other countries outperforming the U.S. in educational attainment, eventually leading to a redistribution of income to countries making better educational progress).

Despite increases in college continuation rates at all income levels in the 1980's and early 90's, these rates have plateaued since the mid 90's, marking a brutal era in which regressive public policies have reinforced inherited privilege while limiting college access for academically qualified lower-income students.

While high school graduation rates are increasing for students in the lowest income quartile, just 12 percent of students from the bottom income quartile completed a Bachelor's degree by age 24 in 2005, compared to about 73 percent of students from the highest income quartile.

Approximately 19 percent of Indiana employment is in manufacturing, compared to 10 of employment nationally. Manufacturing is projected to reach zero by 2028, indicating Indiana will have nearly twice the national rate of worker displacement at that time.

Although Indiana high school graduation rates exceed the national average, Indiana should aim for at least a 90 percent high school graduation rate to reduce poverty and increase personal incomes.

Indiana ranks 23<sup>rd</sup> in overall educational attainment nationally, but ranks 43<sup>rd</sup> in the percentage of the population with a Bachelor's degree or higher. While Indiana is the only state in the nation that puts more money into need-based aid than the federal government puts into the Pell program, Indiana ranks 16<sup>th</sup> in low-income college participation rates, with a 25 percent participation rate for low-income students.

The declining share of Bachelor's degrees earned by men in Indiana and nationally is also a major problem that must be addressed. Men in Indiana earn only 45 percent of Bachelor's degrees, despite making up 51 percent of the population, and men without Bachelor's degrees are likely to be hit especially hard by the loss of manufacturing jobs.

Employment for men without college degrees is shrinking in the U.S., while employment in fields in the service industry, traditionally favored by women is growing. While the median income for women is still less than that of men, it is likely to surpass men's median income in the near future.

While women that drop out of high school have extremely low earnings, females that graduate from college are seeing large increases in real incomes (at the Bachelor's degree level and higher), with a 67 percent increase in real income since the 1960's. Men, on the other hand, have seen a 3 percent decline in real income during the same period.

Demographic changes also require immediate attention, as shrinkage in the number of white high school graduates, and increases in the number of minority high school graduates clearly indicate the need for improved college preparation among underrepresented students. These students will comprise much of the twenty-first century workforce, and economic success depends heavily on the educational attainment of these students.

Indiana, in particular, has recently experienced the fastest growth of low-income students headed toward college in the nation (measured by growth in the percentage of students qualifying for free or reduced lunch).

Nationally, the U.S. trails many OECD (and some non-OECD) countries on measures of educational attainment and college graduation rates.

About 54 percent of the U.S. population holds a Bachelor's degree, compared to an average of 70 percent in OECD countries.

While the U.S. was 1<sup>st</sup> in the number of Bachelor's degrees that entered the workforce in 1998, it slipped to 5<sup>th</sup> in 2004, and to 7<sup>th</sup> in 2005.

Clearly, the changing economy, demography, and global marketplace require increased commitment to improving educational attainment in Indiana and across the nation.