

# IMAGINE AMERICA

## FOUNDATION

# A VICTORY IN VALUE

The cost-effectiveness of career colleges for taxpayers and students



By Robert L. Martin, President of the  
Imagine America Foundation

Is college worth it?

That question is being asked more today than ever before because of the continuing escalation of college costs.

According to Bloomberg, “The cost of a college degree in the United States has increased ‘12 fold’ over the past 30 years, far outpacing the price inflation of consumer goods, medical expenses and food.” In fact, college tuition and fees have increased 1,120 percent since records began in 1978.

In some states, tuition and fees have skyrocketed in the last five years. Take Arizona, for example, where parents have seen a 77 percent increase in costs from 2009 to 2014. In Georgia, it’s 75 percent, and in Washington state, 70 percent.

With costs escalating like this, more emphasis than ever before has been placed on the value of a college education. Students and parents, of course, want to know that the college they choose is going to impart the knowledge needed to establish a successful career – and that the education comes along with a price tag they can afford.

But attention is not just coming from families. Today, employers and elected officials in Washington are also concerned with the answer to whether or not college is worth the cost.

Ideally employers want to be able to choose from a pool of qualified candidates who can be hired for a position and begin to excel in that role as quickly as possible. They want candidates who are equipped with the right skills so they can spend little time preparing them for the job. And on Capitol Hill, given the amount of federal tax dollars that fund schools and the tuition of students, there is a demand that students receive what they pay for. With millions of dollars in taxpayer support, the return on investment for our country rightfully should be high.

But what constitutes “value” in this sense? A number of factors can be considered, but for the most part the two largest components are cost and quality – cost of the degree and the quality of the education delivered. The Imagine America Foundation’s *2015 Fact Book*, our annual publication that offers research into the contributions and impact of our nation’s career colleges, offers a research-based, statistical assessment at how career colleges measure up in terms of value. Our research shows that career colleges are not only a solid investment for those who attend them; they are a necessary part of the higher education system, require less money from the federal government to operate than other types of colleges and offer taxpayers an enormous return on the tax dollars that are invested in the schools.

What follows is a deeper look at career colleges and the real value they offer America’s college students.

### Delivering value

Tuition is what career colleges rely on to be able to provide students with educational opportunities. And yet career colleges also focus on delivering the highest possible value for students’ educational dollars. A commitment to keeping costs down for students is evident, since career colleges have been successful at limiting increases in their published tuition during the recent economic slowdown.

For a comparison in published tuition and fees from 2007-08 to 2014-15, here’s how career colleges stand against other types of institutions in terms of percentage of increase:

- **22 percent increase** at four-year career colleges from 2007-08 to 2012-13
- **38 percent increase** at public four-year institutions from 2007-08 to 2012-13
- **46 percent increase** at public two-year institutions from 2007-08 to 2012-13



Keeping tuition as low as possible, without revenue from the government, is important to career colleges because their student population includes larger proportions of nontraditional students who typically have lower family incomes than students at public and private, not-for-profit institutions. In fact, 32 percent of career colleges' students are financially dependent and come from families with incomes less than \$20,000, compared to 15 percent at public institutions and 11 percent at private, not-for-profit institutions.

As a result, while public institutions are able to subsidize many students' tuition from government revenue; and private, not-for-profit institutions may have generous endowments to support low-income students; many students at career colleges depend on financial aid, including federal grants, student loans, institutional grants and state grants to finance their educational investments.

#### Added value for society

For most career college students, attaining a college degree is only the beginning of the benefits they can expect. Students want to know that their investment in their education will create a long-term source of income. Given the support taxpayers provide to career college students in the form of Pell Grants and federal loans, it is equally important to ensure that their investments in career college students will add value for society through increased economic activity, tax revenues and reduced dependence on social safety nets. Career colleges are well-positioned to deliver returns to students' and taxpayers' investments in education.

On average, college graduates earn more than those individuals with a high school diploma. According to the U.S. Department of Labor, demand for jobs that require at least some college is projected to increase for all levels of education.

As evidence, take a look at the average annual earnings by educational attainment in 2013:

- \$32,900 for high school graduates (including GED)
- \$33,800 for some college, no degree
- \$41,400 for Associate degrees
- \$59,700 for Bachelor's degrees

#### A boon for public investment

Career colleges also benefit their communities by providing quality educational services with very competitive costs, enabling taxpayers to realize a positive net return on their investment. When the public supports students at career colleges through programs such as Pell Grants and federally subsidized loans, the net economic benefit to taxpayers is greater than the cost. In fact, the return on taxpayers' investment in students at career colleges is even greater than at public institutions.

The published tuitions at public colleges are reduced by transfer payments to the institutions from state and local governments, but those payments are funded by tax revenue and are borne by taxpayers. After accounting for the grants, contracts and appropriations that subsidize public college tuitions, it turns out that career colleges have even lower estimated costs to taxpayers than community colleges.

The estimated public investment per full-time equivalent (FTE) to educate students is as follows:

- **Two-year colleges:**
  - o \$17,000/FTE at career colleges
  - o \$26,400/FTE at public colleges
- **Four-year colleges:**
  - o \$24,300/FTE at career colleges
  - o \$91,500/FTE at public colleges

With lower costs than at public colleges and educational programs that emphasize skills that have high demand in the workplace, it should come as no surprise that, when the costs and benefits are taken into account, America's career colleges generate a strong return on taxpayers' investments. On average, the return on investment for taxpayers is greater at career colleges than at public institutions, and that is in addition to the personal benefits each student derives from his or her college education.

At two-year colleges, the estimated taxpayers' return on investment for students from 2012-13 was:

- **11 percent** at career colleges
- **7 percent** at public colleges

At four-year colleges, the estimated taxpayers' return on investment for students from 2012-13 was:

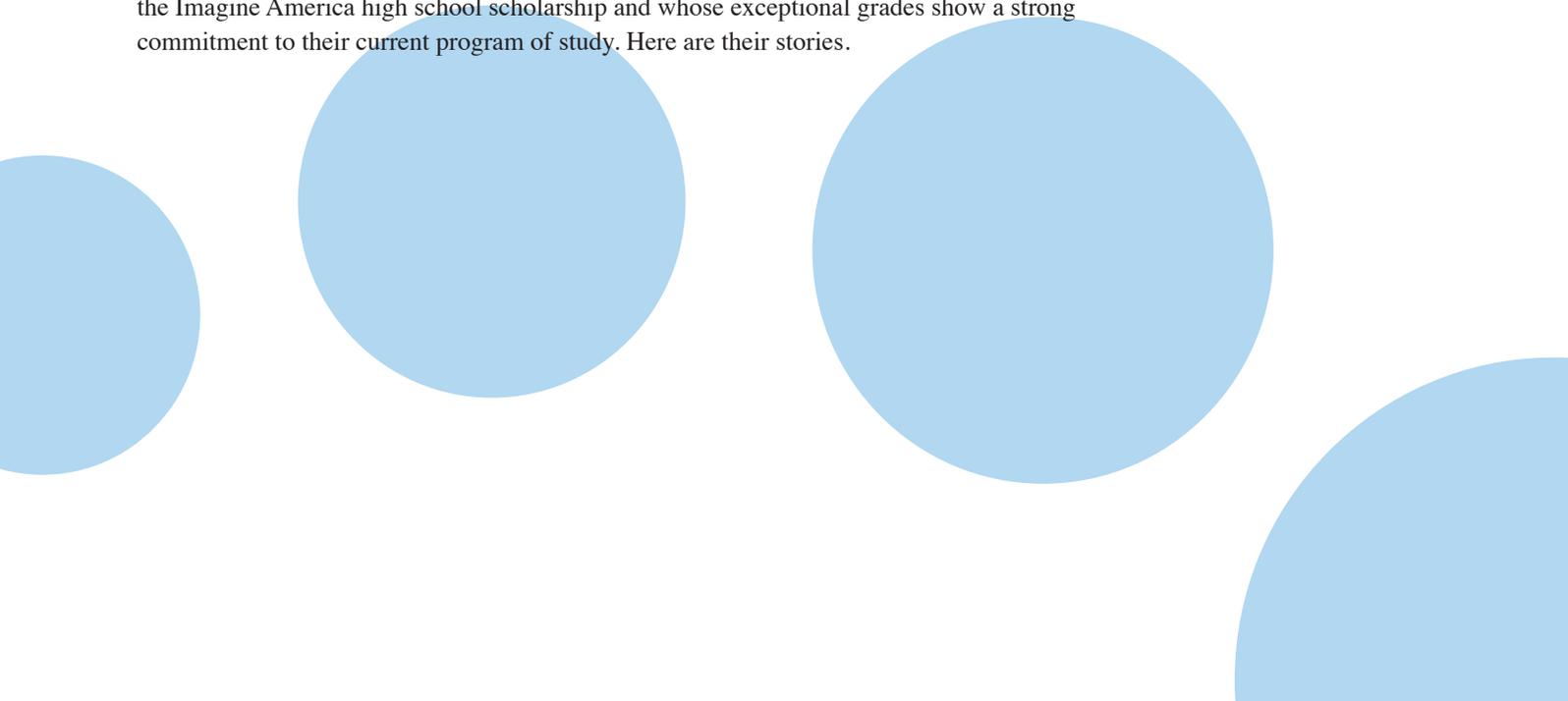
- **24 percent** at career colleges
- **6 percent** at public colleges

So, let's return to the question posed at the opening of this section: Is college worth it? While tuition prices have mostly escalated at other types of institutions, career colleges have mostly tried to keep their tuition in place. Our students earn far more with a college degree than they would earn without one. Our schools also cost taxpayers fewer public dollars per student. Estimated taxpayers' return on investment for career college students is greater than that from other institutions.

If you are considering a career college, the answer to "Is college worth it?" is an unequivocal yes.

# MAKING THE MOST OF A GREAT VALUE

**W**hen you already have a great value, how do you make even more of it? For these students, the answer is an Imagine America Foundation Promise scholarship. This exciting program is the actualization of the Foundation's promise to assist students who are currently attending participating Imagine America colleges by way of the Imagine America high school scholarship and whose exceptional grades show a strong commitment to their current program of study. Here are their stories.





## Lexy Rupp

Sullivan University  
Louisville, Kentucky

I chose Sullivan University because of their abundance of chef accreditation.

This school has the most amount of chefs with years and years of experience. I feel that someone can go to school and be smart in regular class subjects but that real-world experience is the real test and most learning experience. Sullivan gives the opportunity to look up to these great chefs and dip my toes into various different culinary classes such as basics, baking, garde manger, international cuisine and advanced. I am also given the opportunity for many internships and externships. I feel that the campus is far enough from home for a good experience yet close enough to still have a close relationship with my family. I feel Sullivan University was the best school choice for me.



## Brett Parrish

Triangle Tech  
Pittsburgh, Pennsylvania

I had never heard of trade schools until my senior year of high school when my

brother told me about them. I was quite interested in what he had to say, and I decided to look up schools around my area. I came across Triangle Tech, saw the reviews, saw what they had offered, and I wanted to pursue my education there. I chose to go into the electrical program because some of my family members are electricians and it seemed like the most challenging course. I enjoy a great challenge. I may add that it has been a great challenge for me, and I have enjoyed every minute of it. Triangle Tech has a great curriculum, and there is a good bit of hands-on training that I have come to really enjoy. The fact that the staff and directors work to get you a great job after you graduate is very comforting and relieving. A good bit of Americans today don't know if they will ever find a good-paying job, or find a job for that matter.



## Nick Arnold

NASCAR Technical  
Institute  
 Mooresville, North  
Carolina

I am currently attending NASCAR Technical Institute. I enrolled and guaranteed my spot on July 2, 2013, over a full year before my official start date. I made the decision early on in my high school career that this was the path I wanted to take with my life even though I knew it wouldn't be easy. I chose this technical college because I thought it would give me the best opportunity after I graduated. I plan to get into the racing field when I graduate. The reason I want to go into racing is because it has been my dream since I was six years old. I have been going to Monster Jam since 2002 and haven't missed one since. It is my real passion, and I want nothing more in life than to work on and drive for a monster truck team. I chose the NASCAR high performance program because it will give me a step up from other people looking for the same job. Also I have a love and passion for classic cars and racing alike. The high performance classes will give me an amazing foundation on which to build, and I can take that knowledge anywhere in the racing field. I believe by attending NASCAR Technical Institute, it will give me all I will need to have a good start in the industry. Learning other skills makes me versatile in the industry and virtually employable anywhere I go in the country. What I love about the college is the wealth of knowledge that I have available to me. All the instructors/professors are mechanics who have been in the field for well over 15 years. All of the instructors are very approachable and always willing to help me with any questions I may have about anything. This college really sets me up for greatness if I put in the effort and have the desire and drive.



**John Ruane**  
**Culinary Institute of Virginia**  
**Norfolk, Virginia**

In high school, I enrolled in an introductory culinary arts class. We learned the basics of this art and were even able to cook from time to time. I enjoyed this class so much that I enrolled in Culinary Arts One the following year. My teacher observed me for quite some time, and after about two months, she made a simple statement that has forever changed my life: "Johnny, you do realize you can make a career out of this, right?" It really had never occurred to me that I could make this passion of mine into a prosperous career. Ever since that point, I have taken as many steps as possible to help me achieve this dream that I can so proudly call a career. I believe this career path is right for me. I am very determined and truly will take the steps, above and beyond, to achieve that which pertains to what I love. I am very creative. I love to take simple things and make them simply extraordinary. Also, I am humble. I realize I am not the best, and when I do make mistakes, I remain optimistic, knowing I can only get better and learn from my errors. After meeting with several people from the Culinary Institute of Virginia (CIV), I have realized that attending and graduating from this college will aid me in achieving goals leading to a successful career. CIV provides its students with a quality education through top-notch chefs, useful resources and highly qualified teachers. It will give me the opportunity to become a creative and marketable professional chef. I had the opportunity to personally work with several of the chefs and hear all about their individual experiences in the industry. Knowing that these chefs have had successful careers in the food service industry and actually understanding what they are talking about gives me assurance that I can learn from these culinary masters and achieve my goal of owning my own restaurant one day. Lastly, I was informed of the multitudes of connections this school has to offer within the industry and how I will be helped in finding a career to ensure my success as a committed chef. I strongly believe that by graduating from CIV, my future goals and dreams can most certainly become a reality, due to the endless help I receive from the faculty and staff.



**Jacey Williams**  
**Gene Juarez Academy**  
**Federal Way,**  
**Washington**

I received the Imagine America scholarship last year, and it was a tremendous help. Attending Gene Juarez Academy is shorter than attending a four-year school. Every bit of scholarship money that I can get helps so much, especially since I will be paying for school by myself with no help from my parents. Receiving this Promise Scholarship would be an amazing gift and would be greatly appreciated. The only thing about going to school that stresses me out is the money portion, so the more we decrease my final tuition cost, the less stress there will be!



**Kelsey Franczek**  
**Ohio Valley College of Technology**  
**Liverpool, Ohio**

Ohio Valley College of Technology is my choice because I liked visiting the campus and seeing how nice the instructors were to me, and the students were telling me how nice it was. They were telling me that if I need help that the teachers will be happy to help. I was looking for a school that I could be done with hopefully within a year or two. I chose it because I liked how the classes were small. I wouldn't have to worry about going into a big class and not being able to get the help that I needed because there were so many students in one room that the teacher didn't come to help me. Medical office administration is my program of study because I was looking for something where I could be in the medical field but not become a nurse, but I could still be in the office environment, too. It was the one that I found that, after reading about it online, I still wanted to be in the profession.



## Daniel LaChance Porter & Chester Watertown, Connecticut

This award could help me in a tremendous way in which I can start my career with a small dent in my student loan. I look to start a business in the future, and any saving that I do now will help with that. I'd like to pay my loans off with little time. I am very goal-oriented, and I set high standards for myself. I plan to have my loan paid off within two years of graduating school. I chose this program of study because I feel this gives me my best chance to become successful, and that is exactly what I am striving to be. I can go to this school for a year and come out gaining an immense amount of knowledge of electricity, which is something I enjoy doing. I take pleasure in doing hands-on work; this is my strong point. I learn by doing and seeing rather than reading.



## Haley Mulholland West Virginia Junior College Bridgeport, West Virginia

Ever since I could remember, I've always wanted to attend college and become a medical assistant, and now my future is finally coming together. I chose West Virginia Junior College because it was a fast-paced program and in a matter of 18 months, I will graduate with an Associate degree. With that Associate degree, I can start my career as a medical assistant. At the end of my 18 months, I plan to work in a hospital where I can use my skills and ethics that I have learned throughout my time as a student. Ever since I could remember, I've always wanted to be in the health care field, and now I'm another step closer to fulfilling my dream. As a medical assistant, I have so many opportunities for additional certifications. Attending this college has helped me see more clearly, too, all the opportunities ahead of me. What I like best about West Virginia Junior College is that it is a small campus, classes are six weeks long, and you graduate in 18 months. You are taught the skills necessary to be successful in a hands-on environment before your time as a student is up. They offer tutoring and always give you a heads-up on upcoming scholarships. Last, one benefit you have when you attend is that you are guaranteed a job after you graduate. The best decision was attending WVJC and studying to be a medical assistant. I can't wait to see what the rest of my time as a medical assistant has in store for me, and what my future holds.



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## Contact the Imagine America Foundation today!

For more information, visit [www.Imagine-America.org](http://www.Imagine-America.org) or contact Robert L. Martin, President/CEO of the Imagine America Foundation, at 571-267-3012 or [BobM@Imagine-America.org](mailto:BobM@Imagine-America.org).

## About the Imagine America Foundation

The Imagine America Foundation (IAF), established in 1982, is a not-for-profit organization dedicated to providing scholarships for education, research and training support for the career college sector. Since its inception, the Foundation has provided more than \$110 million in scholarship and award support for graduating high school seniors, adult learners and U.S. military personnel attending career colleges nationwide through its programs. The Foundation also publishes vital research publications for the higher education sector, honors achievement in career education and offers comprehensive financial literacy education to thousands of enrolling career college students through its Financial Planning Made Simple tool.