DEBT, GUARANTEES AND THE WORKFORCE

By Tom Schuman

Fewer Loan Worries, More Workers?

A 2016 report from *Kiplinger* identified a new tactic – helping to pay down workers' student debt – in the talent attraction and retention game.

There's little disputing the numbers ($1.3 trillion total debt or more than $37,000 for the average 2016 graduate) that reveal higher-than-ever loan obligations. But Sharon Basile, a senior HR specialist for Insperity, says the clients she works with are more typically offering sign-on bonuses that provide prospective employees with greater flexibility.

"For recent college grads, it's usually $5,000, up to $10,000, which the new hire can apply to that student loan debt," reports Basile, who has more than 30 years of human resources experience. For Insperity, a national HR services provider that expanded to Indiana in 2016, she works with approximately 75 companies that have between 30 and 150 employees.

Some clients, Basile adds, have implemented additional tuition reimbursement or further emphasized their bonus programs for employee referrals. Those more likely to offer the sign-on bonuses, she says, include marketers, consulting organizations and sometimes non-profits.

The bonus, instead of direct student loan assistance, is important for several reasons.

"When working with our clients, we make sure they are compliant – treating employees similarly across their business. One downfall I see with student loan reimbursement is that it's not a benefit everyone can take advantage of," Basile shares. "Sometime individuals are embarrassed (about loan debt) and don't want their employer to think less of them."

Asked whether it was currently an employees' market, she enthusiastically offered, "You better believe it," citing telecommuting and reduced work schedules among other growing options.

Kiplinger also notes that public sector job recruiters are trying to make that work more appealing by potentially forgiving student loans entirely. That perk, though, comes with long-term commitments to remaining in the government role.

RESOURCE: Sharon Basile, Insperity, at www.insperity.com

You Have Their Word On It

The connection between students and their college or university is far from complete on graduation day. For the University of Evansville (UE), a Loan Repayment Assistance Program (LRAP) for certain grads evolved into a UE Guarantee that is proving popular today.

"We knew being in southwest Indiana that we still attract and recruit first-generation students from rural areas as part of our enrollment mix so affordability was a major concern," explains Shane Davidson, university vice president for enrollment services. "We're always talking about what we can do on an affordability front. Many students still have a gap."

LRAP was introduced in the fall of 2015. The premise was that eligible students who did not obtain full employment with annual earnings of at least $37,000 would receive a quarterly check to reimburse some or all of their student loan payments.

Davidson reports that 22 students on that program "basically borrowed their federal loans and the university was responsible for that premium on those students while they were enrolled. There are still 19 enrolled."

But with many still sensitive about loans, additional discussions led to the UE Guarantee. Four of the five commitments include effective mentoring, scholarships to all qualified students, access to at least one internship and the opportunity to study abroad. The fifth reads: We guarantee you will graduate in four years or the fifth year is on us.

Does the four-year pledge garner the most attention? "I would absolutely say that it does – maybe not for a 17-year-old, but for a parent. It will raise their eyebrows," Davidson contends.

The guarantee was launched with the incoming students in fall 2015. The university has seen moderate increases in the size of the last two incoming classes. Freshman retention improved significantly – from 81% (2014 to 2015) to 89% (2015 to 2016). The jury is still out on the goal of improving four-year graduation rates.

Davidson describes the admissions strategy.

"What we did on LRAP is we used it post-admit, once a student was accepted and got their official financial aid notification," he relates. "With the UE Guarantee, we lead with that as far as recruitment. This is what is differentiating about the University of Evansville. We use that as kind of an offensive measure in the recruitment process to not only current admits but undergraduate students who are in the prospect pool."

RESOURCE: Shane Davidson, University of Evansville, at www.evansville.edu

College-Educated Employees Leading the Way

Industry shifts and impacts of the Great Recession helped produce a new first in 2016 – workers with a bachelor's degree or higher make up a larger percentage of the workforce (36%) than those with a high school diploma or less (34%).

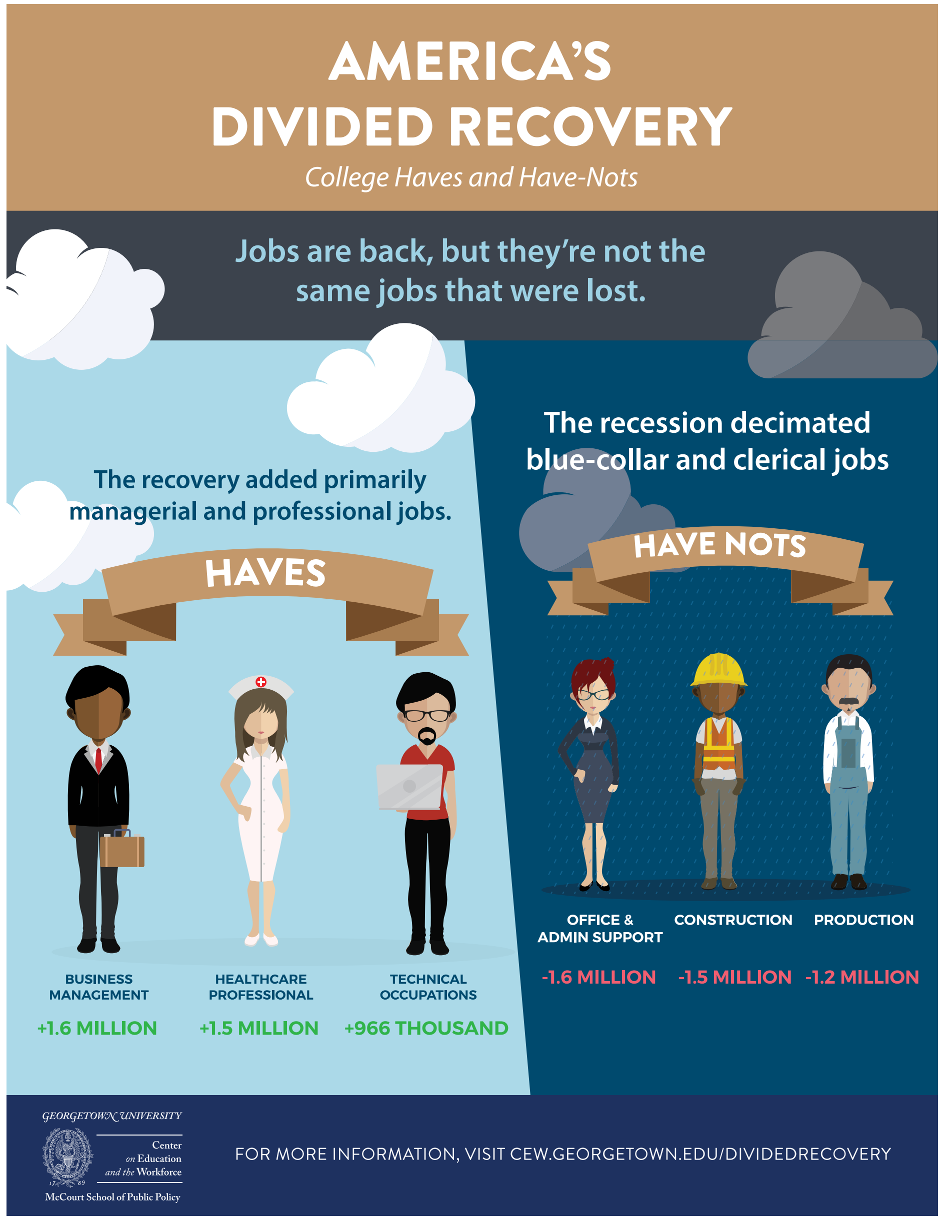
The industry shifts: Production – manufacturing, construction, etc. – employed nearly half the workforce in 1947. Today, that total is 19%. On the other end of the scale, managerial and professional workers in health care, business, finance, education and related industries have increased from 28% of the workforce in 1947 to 46% today.

The recession impacts: 1.6 million office and administrative support jobs were lost, primarily due to automation and improvements in digital information storage. This decline largely affected less-educated workers.

The Georgetown University Center on Education and the Workforce reports that of the 11.6 million jobs created since the recession, 11.5 million went to workers with at least some college education. Of that total, 8.4 million of the workers had at least a bachelor's degree. That compares to an increase of 80,000 jobs for workers with a high school diploma or less.

According to U.S. Department of Labor data, the college wage premium – a median measure of how much more college grads earn than those with a high school education – was 81% in 2015.

Anthony P. Carnevale is director of the Georgetown Center and author of its report titled *America's Divided Recovery: College Haves and Have-Nots*. He says, "We really do have a nation of people who are postsecondary 'haves' and postsecondary 'have-nots.' The modern economy continues to leave Americans without a college education behind."



Source: Georgetown Center on Education and the Workforce, (*America's Divided Recovery: College Haves and Have-Nots*)

RESOURCE: Georgetown University Center on Education and the Workforce at cew.georgetown.edu