

What is ROEI?

Ohio's Return on Educational Investment is a plan for Ohio's economic recovery, supported by the state's public two-year and four-year colleges and universities and the Ohio Board of Regents. The three-pronged plan calls for:

1. tax and Medicaid reform to create future funding for state investment in higher education, as proposed by Governor Taft;
2. growing the talent pool;
3. creating and maintaining new jobs and business opportunity through increasing investments in cutting-edge initiatives such as the Third Frontier.

To help our state economy thrive, the plan calls for increasing the state's talent pool by 120,000 undergraduates at Ohio's public institutions of higher learning by 2015, based on recommendations put forth by

Governor Taft's Commission on Higher Education and the Economy (CHEE).

What about costs?

ROEI quickly begins to pay for itself with a return on investment. How? Associate and bachelor's degree holders on average earn substantially more money than those with a high school degree or less. Increasing the number of students who participate in higher education will increase tax revenues, both for state and local governments. It will also lower the costs for programs such as welfare and prisons, since people with higher education have less need for these social and criminal justice services.

The graph below shows that Ohio's Return on Educational Investment begins to fully pay for itself by 2015 and returns revenue vs. cost in a ratio of 2:1 by 2022.

This return on investment continues with the revenue vs. cost ratio improving to 4:1 by 2042.

How does ROEI really work?

It's a 3-step process for Ohio's economic recovery.

Step 1: Ohio's public 2- and 4-year colleges and universities pledge to **increase the talent pool by 120,000 undergraduates by 2015**. The Governor's report calls for a 30 percent increase, which translates into 180,000 additional students spread throughout Ohio's public and private institutions.

The largest share of this growth must occur at the undergraduate level in Ohio's



public institutions of higher education, where some 120,000 additional students constitute about 88,000 full-time equivalent students.

Step 2: The State of Ohio pledges to **increase investment in higher education over 5 biennia** as it will take some time to add 30 percent more students to the system over the next 10 years, as called for in the Governor's report.

By 2015, the program begins to fully pay for itself through increased tax revenues and other savings in state services.

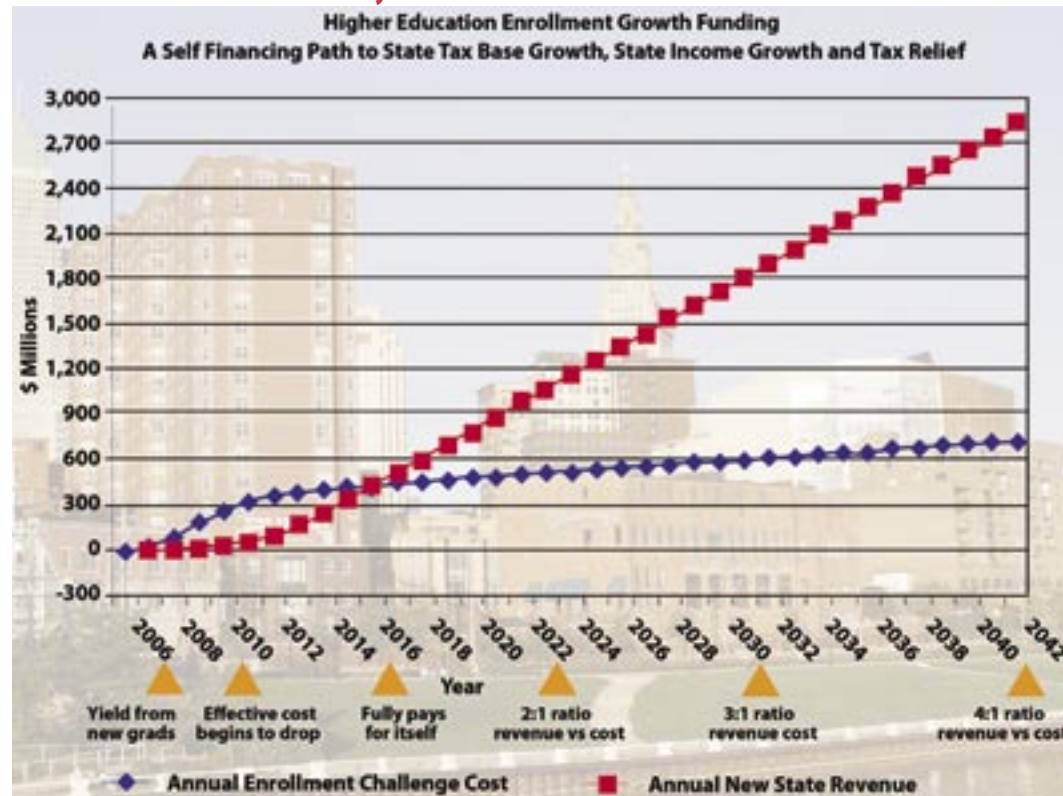
By 2016, the state's continued investment grows only at the rate of inflation, but the economic benefit of the investments will continue.



Step 3: Ohio's economy grows and Ohioans realize higher income, job creation, and enhanced quality of life.



Twice the Revenue vs. Cost by 2022:



The investment from the state, the blue line, grows only at the rate of inflation, once we grow the talent pool to the CHEE-recommended level.

It is no coincidence that these lines on our 30-year chart of ROEI curve in much the same way the payback does for individuals who make the decision to invest in their future through higher education.

Why do we need ROEI?

Ohio's economic performance has been lackluster for years. Here are just a few rankings that show the **warning signs of our state's economic freefall:**

- ▶▶▶▶ **39th in growth of per capita income.** Ohio's per capita income once reached safely above the national average, but has fallen steadily during the past 40 years (CHEE report and *Columbus Dispatch* "Decade of Doldrums" analysis, Jan. 23, 2005).
- ▶▶▶▶ **49th in the creation of jobs** (*Columbus Dispatch* "Decade of Doldrums" analysis, Jan. 23, 2005).
- ▶▶▶▶ **49th in the reduction of the unemployment rate** (*Columbus Dispatch* "Decade of Doldrums" analysis, Jan. 23, 2005).
- ▶▶▶▶ **42nd in bachelor's attainment** among those age 25 and older (Institute for Higher Education Policy, "The Investment Payoff").

ROEI:

Ohio's

higher education system is

a sound investment

that brings immense returns,

bolsters our economy and

creates the talent pool needed

for a 21st century economy.

For more information, contact:

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Ohio Board of Regents
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www.iuc-ohio.org/roei.htm

OHIO'S ROEI

Return on Educational Investment

A bold new partnership among the Ohio Board of Regents, Ohio's 2- and 4-year colleges and universities and the State of Ohio

