

Defining and Measuring Postsecondary Value

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Why value? Why now?

- Public perception of higher education is slipping
- Concerns about rising affordability...even though tuition increases mostly stopped a decade ago
- State budgets are becoming tighter
- Need to justify higher education funding, so focusing on value/ROI is one way to do it

Today's talk

- Big philosophical questions about measuring value/ROI
- Potential metrics and approaches
- Nitty-gritty of particular data sources

Four big philosophical questions

- Private ROI versus public ROI
- Institution-wide metrics versus by field of study
- Debt versus earnings
- How long to wait after college to measure outcomes?

Private vs. public ROI

- Individual return on investment much more about debt and earnings
- Public return on investment includes other items:
 - Do graduates stay in state?
 - Do colleges produce people in high-need fields, regardless of pay (teaching, social work, nursing, etc.)?
 - Do individuals rely on public benefits?
 - Is there civic engagement and social cohesion?

How to measure outcomes

Institution-level outcomes

- Includes most/all undergraduate students
- Can adjust for mix of majors
- One single measure to examine
- Often not the measure students/families/policymakers want

Program-level outcomes

- Typically graduates only
- Can break out by credential level
- Cell sizes become an issue, but can roll up CIP codes/years
- How much can programs control outcomes?

Debt versus earnings

- Many states focus heavily on limiting student debt (caps/curbs on tuition increases, annual debt notification letters)
- But is more debt okay if it helps students get through faster and access more lucrative majors?
- And how should PSLF-eligible fields be taken into account?

When to measure outcomes

- Shorter-term outcomes may better reflect what colleges are doing right now as well as current student demographics
- But longer-term outcomes may better reflect overall value to individuals and communities
- College leaders and politicians often have short time horizons, and faculty and staff often try to wait them out

Potential metrics to consider

- Completions (especially by field of study)
- Employment
- Earnings
- Debt/loan repayment
- Return on investment

Number of completions

- Traditional model to include in state higher education funding models, and enrollment-based funding models get at this in part
 - Also common to provide funding based on delivery costs
- Some states limit funding to credentials earned by state residents
- Logic model: Graduates tend to do better than non-graduates, so incentivize completions
 - Challenge: Performance or other funding models rarely affect completions in a meaningful way

Completions by field of study

- Some examples (from InformEd States data collection):
 - [Indiana](#): Funding based on STEM completions
 - [Kentucky](#): STEM and health degrees
 - [Louisiana](#): Free two-year college in five industry sectors
 - [Nevada](#): STEM, health, business, and skills certificates
 - [Utah](#): Fields that map onto four/five-star jobs, as defined by the state
 - [Wisconsin](#): Tech colleges evaluated on top 50 occupations with heavy employer demand (including childcare workers and truck drivers)

Completions data sources

- IPEDES, by six-digit CIP code and credential
 - Data on second majors seems to be iffy
 - No data on noncredit programs
 - Cannot break down by modality (if of interest)
- State longitudinal data systems (SLDS)
 - Details vary considerably across states, especially coverage for non-public institutions

Completions data considerations

- How to develop list of priority fields—based on private or public benefits?
- Weights for different fields of study and credential lengths
- Enrollment versus performance funding models
- Lots of variation within STEM (e.g., biology)

Employment metrics

- Related to conversations on high-demand fields, but apply across all fields of study
- Growing importance in recent years in state funding models
- Ties to repeated federal pushes for gainful employment metrics
- Focus is rarely on employment in field tied to the credential earned

Examples of employment metrics

- [Kansas](#) (some community colleges): Share of graduates working in-state or continuing their education
- [Tennessee](#) (community colleges): Job placements (details unknown)
- [West Virginia](#) (four-years): Graduates earning wages in state or continuing their education
- [Wisconsin](#) (tech colleges): Self-reported employment rates and whether employment tied to field of study six months after graduation

Employment data sources

- State workforce data systems
- Statewide surveys of graduates
- Institutional surveys of graduates

Employment data considerations

- How detailed is the statewide UI system? Are certain professions excluded?
- Are there resources to do quality student surveys?
- How should people enrolled in higher-level credentials be treated?

Earnings metrics

- Typically take one of two forms:
 - Threshold-based approach: earning above a certain amount
 - Median earnings
- Can also consider percentile-based approaches (e.g., 25th percentile)
- Can be measured for graduates or all students, depending on the approach

Examples of earnings metrics

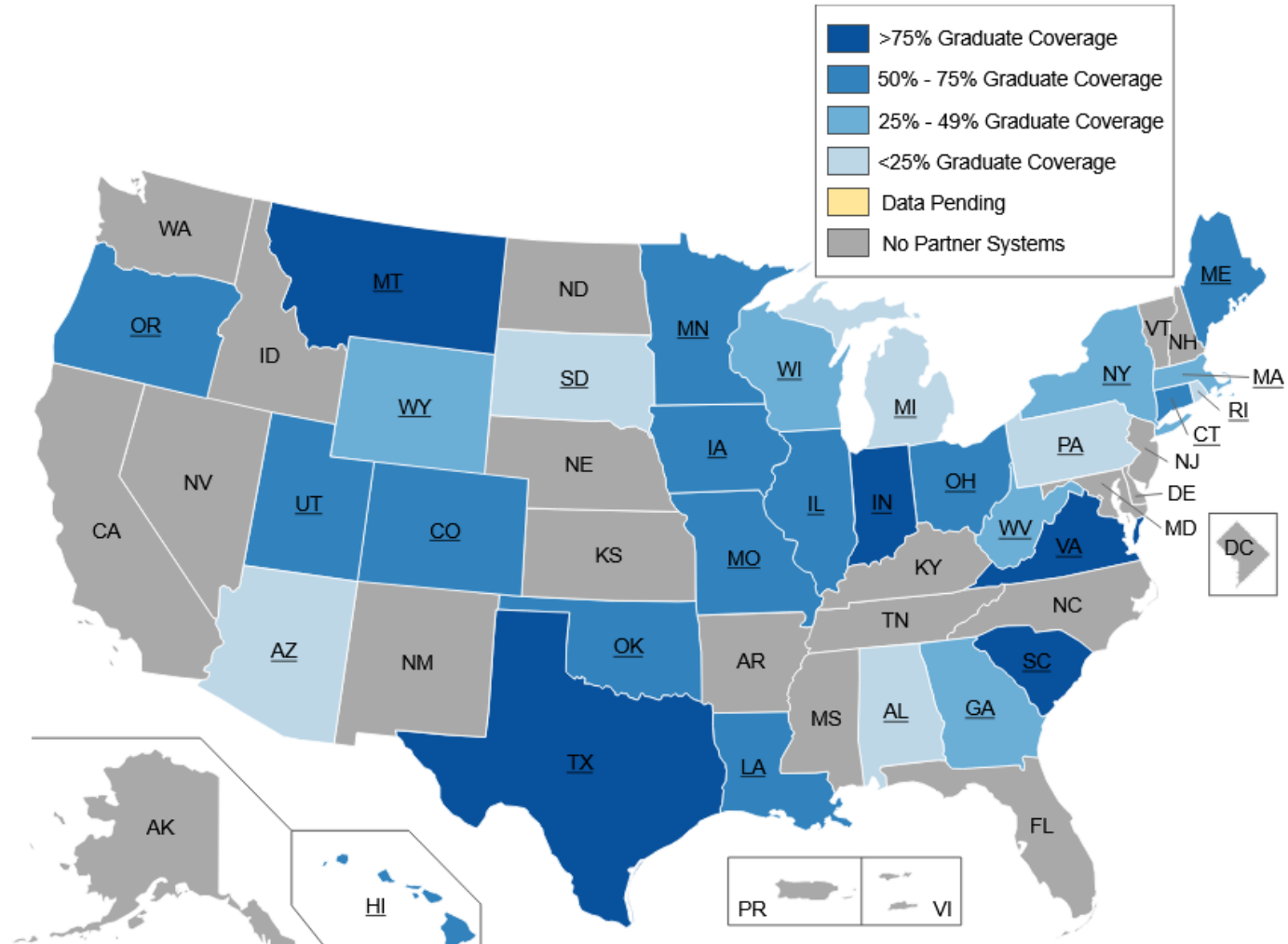
- [California](#) (community colleges): Earning the regional living wage
- [Florida](#) (four-years): Median wages at or above \$43,200 one year after graduation
- [Kansas](#) (some community colleges): Increased wages of students hired over previous 3-year average
- [Texas](#) (technical colleges): Earnings of graduates through Returned Value Formula (receive a commission on earnings)

Earnings data sources

- State workforce data systems
- College Scorecard (federal aid recipients only)
 - 1-5 years post-completion at the program level (4-digit CIP, OPEID)
 - 6-10 years post-entry at the institution level (undergraduates only)
 - Covers most employment
- Post-Secondary Employment Outcomes dataset (Census)
 - Measured 1, 5, and 10 years post-graduation
 - Covers nearly all employment (2/4-digit CIP, OPEID)
 - Conditional on full-time employment

PSEO data coverage

PSEO Coverage Map



Earnings data considerations

- Where to set a threshold—is the goal high earnings or staying out of poverty?
 - Does this vary by field of study/credential level?
- What are the limitations of data coverage?
- How should those with zero/minimal earnings be handled?
- When should earnings be measured?
- Should this include all students, or just graduates?

Debt/loan repayment metrics

- Can examine the percentage of students taking on debt, average/median debt of borrowers or both
 - Federal student loans, private loans, or parent loans
- Loan repayment metrics could include cohort default rates, share of students paying down principal, or share current on payments
 - But harder to think about until student loans get back to whatever the new normal is!

Examples of debt/loan repayment metrics

- [North Carolina](#) (four-year): Debt at graduation for first-time and transfer students
- [Wisconsin](#) (four-year): Debt at graduation
- Not aware of any others—please send them along!

Debt/loan repayment data sources

- College Scorecard: Federal debt at completion, cohort payment status data, cohort default rates
 - Have federal undergraduate, graduate, and parent debt separately
- State longitudinal data systems: Debt that colleges are aware of (including most private debt)

Debt/loan repayment data considerations

- Loan repayment metrics are rather limited, as states likely won't have access to much data
- How to address debt incurred for living expenses?
- Should parent debt be considered?
- Should Public Service Loan Forgiveness be addressed?

Conceptualizing ROI

- Quite a few states have metrics in several of the above categories
- But metrics that combine categories are relatively unusual
- Prominent federal example is gainful employment—based on a debt-to-earnings metric at the program level
- Can also consider ROI metrics that are more qualitative in nature or get at public mission of higher education

Example ROI metric

- 5% of [Michigan's community college performance funding formula](#) based on “local strategic value,” including:
 - Providing on-site training for businesses
 - Provides facilities for cultural enrichment of the community
 - Operates an advanced technology center
 - Has partnerships with public universities
- Seems like colleges always get the money, but these are interesting ideas

Big questions to consider

- What are your values for public higher education?
- What is the capacity of your SLDS? What are the limitations?
- To what extent are ROI metrics within colleges' control?
- Is the goal providing information to the public, or is it aligning state funding with policy goals?
- How can you guard against unintended consequences in funding/financial aid models?

For more information

- More data coming soon at informedstates.org
- Please reach out with any questions about potential metrics and limitations
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