PRE-READ FOR CCHE LEARNING SESSION ON POSTSECONDARY OUTCOMES

Jamie Merisotis, President & CEO, Lumina Foundation

Jamie is a globally recognized leader in philanthropy, education, human work, talent development, and public policy. He has been Lumina Foundation's president and CEO since 2008. Merisotis is the co-founder and former president of the nonpartisan, Washington, D.C.-based Institute for Higher Education Policy and served as executive director of a bipartisan national commission on college affordability. He is the author of two widely-acclaimed books, Human Work in the Age of Smart Machines, and America Needs Talent, and is a frequent media commentator and contributor. A member of the Council on Foreign Relations, Merisotis serves as Governor of the Ditchley Foundation in the UK and as trustee for several other local, state and national organizations. He is the former chair of the Council on Foundations in Washington, DC and holds honorary degrees from several colleges and universities.

A Stronger Nation

Society's need for talent has never been more urgent. The nation needs at least 60 percent of adults to have a college degree, certificate, industry recognized certification, or other credential of value by 2025. To get there, we are working with business, community, education, and government leaders to restructure education and training systems that have granted exceptional opportunities to some while leaving many Black, Hispanic, and Native American adults behind. - Track Colorado's progress via A Stronger Nation's interactive website.

Human Work in the Age of Smart Machines

6-minute video summary of Human Work in the Age of Smart Machines

Excerpt from the book:

The New World of Credentials

Sadly, college graduates often find out that there is at best an imperfect fit between what they have studied and what they need to do to take advantage of the opportunities for work that may exist for them. But there is an even deeper problem. For most graduates of higher education, it is not clear what they have learned - in other words, no one can tell what they know and can do. While some people question whether students learn much of anything in college, that's not the problem here. Even when students learn everything their professors hope for, not being able to describe what they know and can do in ways that they and employers can understand is a huge problem. The basic problem with our current approach to credentials is its lack of transparency. By transparency, I am talking specifically about three big problems that we need to overcome:

1. *It is not clear what most credentials represent in terms of knowledge, skills, and abilities*
2. *Employers, educators, and individuals all speak different languages when it comes to knowledge and skills*
3. *Pathways through education and careers are either nonexistent or nearly impossible for outsiders to fathom*

Rachel Carlson, Founder & CEO, Guild Education

Rachel is the Founder & CEO of Guild Education, a certified B-Corp bridging the gap between education and employment for the 88 million working adults in the U.S. in need of upskilling for the future of work. Guild enables the nation's largest employers — including Walmart, The Walt Disney Company, Target and Chipotle — to offer strategic education and upskilling to their employees, connecting them to a learning marketplace of the nation's best universities and learning providers, with tuition paid by the company. Rachel and her co-founder, Brittany, were previously selected for Forbes' 30 Under 30 list, and The Denver Metro Chamber of Commerce named Guild as the 2017 Top Woman-Owned Business of the Year. Rachel holds an M.B.A. from Stanford's Graduate School of Business as well as an M.A. in Education and B.A. in Political Science from Stanford University.

The Case for Outcomes-Based Quality Assurance

Seventy percent of jobs will require some form of postsecondary education by 2027, and yet 139 million Americans over the age of 25 lack a postsecondary degree. We urgently need to expand pathways for all learners — particularly those furthest from opportunity — to build skills that connect them to family-sustaining careers.

As we galvanize efforts to expand access to higher education, however, we should rethink old assumptions about how to go about it. Simply put, measuring the value of education based solely on inputs like time is flawed. Setting goals based on seat time effectively treats all learning as equal and ignores the wide variation of value imparted to students across institutions and programs. For example, recent data from Third Way shows that one-fifth of higher education institutions left low-income students earning less than high school graduates — even a decade after enrollment. A better approach is to invest in pathways defined by the outcomes they generate for learners and their families. That's why, at Guild, we are developing approaches to measure the quality of education based on the outcomes that matter most to learners and, in turn, their employers. In addition to looking at the extent to which programs drive high levels of completion, we assess key outcomes including:

- *Earnings increases. To what extent do learners experience salary increases, and how does that compare to expected earnings had they not pursued additional education?*
- *Career advancement. How successful are graduates of a particular program in advancing along particular career pathways? Furthermore, are these pathways aligned to growing, in-demand fields with strong potential for upward mobility?*
- *Demonstrable learning. Beyond accumulating credits, have graduates from this program demonstrated mastery over a specific set of skills and competencies? To what extent can they apply what they learned in a real-world context?*
- *Likelihood to recommend. How do program graduates view the value of the education they received?*
- *Equity in outcomes. How do all of the above outcomes break down based on student subgroups such as family income, race/ethnicity, and gender?*

Mamie Voight, Managing Partner, Postsecondary Value Commission

Mamie is the President and CEO at the Institute for Higher Education Policy (IHEP). She shapes IHEP's strategic direction and leads the organization's policy research agenda, which is designed to reform postsecondary policy and practice to build a more just and equitable higher education system. Voight and the IHEP team launched and manage the Postsecondary Data Collaborative (PostsecData), which brings organizations together to advocate for the use of high-quality postsecondary data to advance student success and educational equity. At IHEP and in her previous role at The Education Trust, she has authored numerous reports and briefs on higher education topics. Before entering the field of education policy, Voight worked as a civil engineer for departments of transportation in multiple states.

Postsecondary Value Commission

The Postsecondary Value Commission formed in 2019 to answer the question "what is college worth?" The commission included 30 members, representing educators, executives, policymakers, researchers, advocates, and students. Their broad and diverse experiences helped the project explore ways to define and measure equitable postsecondary value and build momentum toward actionable change.

What emerged was a new way of measuring value using the best available data to create a series of thresholds that focus on how and how much better off students are after attending college:

0. *Minimum Economic Return: A student meets this threshold if they earn at least as much as a high school graduate plus enough to recoup their total net price plus interest within ten years.*
1. *Earnings Premium: A student meets this threshold if they reach at least median earnings in their field of study (or, if field of study data is unavailable, the median earnings for the institution's predominant degree type).*
2. *Earnings Parity: This threshold measures whether students of color, students from low-income backgrounds, and women reach the median earnings of their systemically more advantaged peers (White students, high income students, or men).*
3. *Economic Mobility: This threshold measures whether students reach the level of earnings needed to enter the fourth (60th to 80th percentile) income quintile, regardless of field of study.*
4. *Economic Security: While sufficient earnings can create a stable life, wealth is key to building the type of security needed to withstand life's financial shocks. This threshold therefore measures whether students reach median levels of wealth.*
5. *Wealth Parity: Mirroring the earnings parity threshold, this threshold measures whether students of color, students from low-income backgrounds, and women reach the level of wealth attained by their more privileged White, high-income, or male peers.*

Michael Itzkowitz, Senior Fellow, Third Way
Michael is responsible for shaping Third Way's higher education advocacy agenda. He works on developing and implementing policies to ensure that more low- and moderate-income students are earning degrees from quality programs that will equip them to succeed in the 21st century economy. Prior to joining Third Way, Michael served as a Presidential Appointee for six years in the U.S. Department of Education. Most recently, he was the Director of the College Scorecard, an Obama Administration initiative focused on higher education transparency and accountability. Prior to this position, Michael served as the Deputy Chief of Staff in the Office of Postsecondary Education. There, he led the office's Organizational Performance team and directed policy initiatives on accreditation, minority serving institutions, financial aid award letters, and data transparency.

Price-to-Earnings Premium
The number one reason why students attend an institution of higher education is to increase their employability and gain financial security. In practical terms, this means they are investing in higher education expecting to earn more than they would have if they hadn't attended an institution or program in the first place. And with students and taxpayers pumping tens of billions of dollars into institutions of higher education every single year, both sets of interested parties should be able to make at least an educated guess about how long it will take to recoup their investment.

Just as Wall Street investors use a price-to-earnings ratio to evaluate the value of individual stocks, consumers and lawmakers should similarly be able to assess the value that an individual institution provides to its students before they decide to write huge checks. To capture this sentiment, this paper models a new approach for measuring economic value—a Price-to-Earnings Premium (PEP)—that can be used to get a sense of the amount of time it usually takes to recoup the cost of obtaining a credential at a particular school.

If students who pursue a certificate or degree subsequently earn more than their non-college going peers because of that postsecondary training, their additional income can be used to recoup the amount they paid to obtain their certificate, associate's, or bachelor's degree. And once they have recouped those expenses, that additional income quite literally becomes a "return on investment (ROI)" for those students.

To measure this concept, we simply look at the price that the average student pays out-of-pocket relative to the additional amount that they earn annually beyond the typical high school graduate. Baked into a PEP is the notion that most certificate- or degree-seeking students should be earning more than the typical high school graduate in the state in which their institution is located ten years after they enrolled. If the majority of students earn less than this baseline, their institution is considered to have provided no ROI—as most students haven't received an income bump sufficient to recoup what they paid to attend.

Economic Mobility Index
We are in dire need of a completely different approach to assessing institutions of higher education. Instead of prioritizing reputation and selectivity, we propose a new rating system

known as the Economic Mobility Index (EMI) that attempts to answer the question: "If the primary purpose of postsecondary education is supposed to be to catalyze an increase in economic mobility, which schools are succeeding in that goal?" The following analysis is designed to give policymakers, researchers, and consumers a better way to assess which colleges are delivering on that promise for low- and moderate-income students—and which ones are falling woefully short.

To assess the degree of economic mobility that institutions of higher education provide, we examined which schools enroll the highest proportion of students from low- and moderate-backgrounds AND provide them with a strong return on their educational investment. To do this, we use our Price-to-Earnings Premium (PEP) metric that looks at the time it takes students to recoup their educational costs based off the earnings boost they obtain by attending an institution. In particular, we looked at the PEP for low-income students, defined as those whose families make $30,000 or less upon their enrollment in college. The data show that many institutions provide low-income students enough of an earnings premium that allows them to pay down their higher education costs within five years or less. However, others show these students unable to pay down their costs even fifty years later—or worse—provide no return on their educational investment whatsoever.

Many institutions that show the best PEP for their low-income students, like Duke and Stanford University, also perform well on traditional college rankings. That's because the few low-income students who attend these institutions are often extremely high-achieving, benefit from their expansive institutional resources, and are able obtain a strong economic premium after earning their degrees. However, our EMI shows that the reach of these institutions to help low-income students obtain economic mobility is extremely limited—in large part because they admit such a small share of low-income students to begin with.

Institutions that provide the most economic mobility do so for two main reasons: 1) they offer a quick return on investment for low-income students, and 2) they enroll mostly low-and moderate-income students as part of their overall student body. If the primary purpose of postsecondary education is to promote economic mobility and create a consistent path to the middle class, a handful of institutions concentrated in just three states are leading the charge in delivering on that promise - California, Texas, and New York. The reach, willingness, and ability to serve low- and moderate-income students well all combine to create the kind of socioeconomic mobility that institutions of higher education were intended to produce—but that isn't prioritized in traditional rankings.